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## **THE STRUGGLE FOR NORTH CHINA**



# THE STRUGGLE FOR NORTH CHINA

*By*

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*I. P. R. INQUIRY SERIES*

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## FOREWORD

This study forms part of the documentation of an Inquiry organized by the Institute of Pacific Relations into the problems arising from the conflict in the Far East.

It has been prepared by Mr. George E. Taylor, Assistant Professor of Oriental Studies, University of Washington; formerly Professor of Political Science, Yenching University.

The Study has been submitted in draft to a number of authorities including the following, many of whom made suggestions and criticisms which were of great value in the process of revision: Mr. Roger S. Greene, and Mr. Owen Lattimore.

Though many of the comments received have been incorporated in the final text, the above authorities do not of course accept responsibility for the study. The statements of fact or of opinion appearing herein do not represent the views of the Institute of Pacific Relations or of the Pacific Council or of any of the National Councils. Such statements are made on the sole responsibility of the author. The Japanese Council has not found it possible to participate in the Inquiry, and assumes, therefore, no responsibility either for its results or for its organization.

During 1938 the Inquiry was carried on under the general direction of Dr. J. W. Dafoe as Chairman of the Pacific Council and in 1939 under his successor, Dr. Philip C. Jessup. Every member of the International Secretariat has contributed to the research and editorial work in connection with the Inquiry, but special mention should be made of Mr. W. L. Holland, Miss Kate Mitchell and Miss Hilda Austern, who have carried the major share of this responsibility.

In the general conduct of this Inquiry into the problems arising from the conflict in the Far East the Institute has benefited by the counsel of the following Advisers:

Professor H. F. Angus of the University of British Columbia

Dr. J. B. Condliffe of the University of California

M. Etienne Dennerly of the École des Sciences Politiques.

These Advisers have cooperated with the Chairman and the Secretary-General in an effort to insure that the publications issued in connection with the Inquiry conform to a proper standard of sound and impartial scholarship. Each manuscript has been submitted to at least two of the Advisers and although they do not necessarily subscribe to the statements or views in this or any of the studies, they consider this study to be a useful contribution to the subject of the Inquiry.

The purpose of this Inquiry is to relate unofficial scholarship to the problems arising from the present situation in the Far East. Its purpose is, to provide members of the Institute in all countries and the members of I.P.R. Conferences with an impartial and constructive analysis of the

situation in the Far East with a view to indicating the major issues which must be considered in any future adjustment of international relations in that area. To this end, the analysis will include an account of the economic and political conditions which produced the situation existing in July 1937, with respect to China, to Japan and to the other foreign Powers concerned; an evaluation of developments during the war period which appear to indicate important trends in the policies and programs of all the Powers in relation to the Far Eastern situation; and finally, an estimate of the principal political, economic and social conditions which may be expected in a post-war period, the possible forms of adjustment which might be applied under these conditions, and the effects of such adjustments upon the countries concerned.

The Inquiry does not propose to "document" a specific plan for dealing with the Far Eastern situation. Its aim is to focus available information on the present crisis in forms which will be useful to those who lack either the time or the expert knowledge to study the vast amount of material now appearing or already published in a number of languages. Attention may also be drawn to a series of studies on topics bearing on the Far Eastern situation which is being prepared by the Japanese Council. That series is being undertaken entirely independently of this Inquiry, and for its organization and publication the Japanese Council alone is responsible.

The present study, "The Chinese Army," falls within the framework of the third of the four general groups of studies which it is proposed to make as follows:

I. The political and economic conditions which have contributed to the present course of the policies of Western Powers in the Far East; their territorial and economic interests; the effects on their Far Eastern policies of internal economic and political developments and of developments in their foreign policies vis-à-vis other parts of the world; the probable effects of the present conflict on their positions in the Far East; their changing attitudes and policies with respect to their future relations in that area.

II. The political and economic conditions which have contributed to the present course of Japanese foreign policy and possible important future developments; the extent to which Japan's policy toward China has been influenced by Japan's geographic conditions and material resources, by special features in the political and economic organization of Japan which directly or indirectly affect the formulation of her present foreign policy, by economic and political developments in China, by the external policies of other Powers affecting Japan; the principal political, economic and social factors which may be expected in a post-war Japan; possible and probable adjustments on the part of other nations which could aid in the solution of Japan's fundamental problems.

III. The political and economic conditions which have contributed to the present course of Chinese foreign policy and possible important future developments; Chinese unification and reconstruction, 1931-37, and steps leading toward the policy of united national resistance to Japan; the present degree of political cohesion and economic strength; effects of resistance and current developments on the position of foreign interests in China and changes in China's relations with foreign Powers; the principal

political, economic and social factors which may be expected in a post-war China; possible and probable adjustments on the part of other nations which could aid in the solution of China's fundamental problems.

IV. Possible methods for the adjustment of specific problems, in the light of information and suggestions presented in the three studies outlined above; analysis of previous attempts at bilateral or multilateral adjustments of political and economic relations in the Pacific and causes of their success or failure; types of administrative procedures and controls already tried out and their relative effectiveness; the major issues likely to require international adjustment in a post-war period and the most hopeful methods which might be devised to meet them; necessary adjustments by the Powers concerned; the basic requirements of a practical system of international organization which could promote the security and peaceful development of the countries of the Pacific area.

EDWARD C. CARTER  
*Secretary-General*

*New York,  
November 15, 1940*





While the author is finally responsible for the inadequacies of the following pages, he wishes to express his gratitude for encouragement and criticism to several colleagues in the University of Washington, particularly Professors Thomas I. Cook, Curtis C. D. Vail, and Frederic D. Schultheis. Those who gave invaluable assistance in China cannot, for the time being, be mentioned by name.



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## THE STRUGGLE FOR NORTH CHINA



## CHAPTER I

### INTRODUCTION

The Japanese army occupied the northern provinces of China in the heat of the summer of 1937. This action opened up the first phase of the present Sino-Japanese conflict and heralded rapid expansion of the war to central, and later to southern, China. The process of expansion still continues.

The Japanese expected that their main problems would end with the defeat of the Chinese armies which put up resistance north of the Yellow River. The majority of foreign, and even some Chinese, observers took the same view. In this they were wrong, for military occupation, which was easy, created for the Japanese the problem of political control of the Chinese population of North China, a problem which proved very difficult of solution. There were few who anticipated that the economically and politically unconscious peasantry of the northern provinces would find the leadership, the bases and the equipment for military and political resistance to the invader. Yet this is exactly what happened. During the first six months of the war, from July, 1937, to January, 1938, the Japanese confidently garrisoned the most important strategic centers north of the Yellow River in the expectation that the vast hinterland which lay between the main railroads of North China would remain in undisturbed slumber.

In December 1937 the Japanese set up their new government in Peking, the Provisional Government of China, as it was then called. By the turn of the year they were ready to expand the political and economic control of this government into the hinterland. They expected no opposition in the purchase of raw materials, the sale of Japanese manufactures, the collection of land taxes and the appointment of new local officials. Much to their surprise, the Japanese discovered that during this period the Chinese had been reorganizing themselves. Out of the supposedly passive hinterland there arose a new Chinese administration, called the Border Government of Hopei, Shansi and Chahar, which was formally inaugurated in January, 1938, at



the market town of Fuping on the western borders of Hopei Province. This government was recognized by the National Government of China and given authority for the conduct of civil and military affairs within its borders for the duration of the war. The Japanese-sponsored Provisional Government of China at Peking was less than a month old when the Chinese Border Government challenged its authority to rule the people of the northern provinces.

The aim of this book is to relate the history of the Provisional Government, more commonly known as the "puppet régime" in Peking, from its inception in December, 1937, to its sublimation in March, 1940, into the North China Political Council, under which name it became a local organ of the Japanese-sponsored Central Government of China in Nanking under the chairmanship of Mr. Wang Ching-wei. As the chief element in this history was the struggle for control between the Provisional Government and the Border Government, the method of presentation has been determined by that fact. The attempt to narrate this brief, eventful struggle, which still continues, therefore involves a study of the methods which the Japanese used in their attempt to establish political control over the population of North China, as well as of the methods used by the Border Government leaders in defense of their native land.

The questions that arise are many. How does a conquering army set out to secure the obedience, if not the allegiance, of a conquered people? To what extent does it rely upon force? To what extent can it rely upon the help of social groups, within the conquered population, favorable to its purposes? What measures of social control, what techniques of political subjugation are employed? What are the reactions of the conquered people? In what ways have the Japanese been successful; in what ways have they fallen short? Do the methods employed bear any resemblance to those used by the Japanese in Korea, Formosa, Manchuria? Is Japanese experience in North China similar to that of Germany in Europe?

An effort is made in this book to suggest certain tentative conclusions in respect to these questions. At the same time, there is every realization that many pitfalls beset the path of those who try to analyze events which have occurred so recently and to evaluate tendencies which are still in process of working

themselves out. But in social and historical analysis the advantages are not always with those who seek to interpret a period long after those who lived in it have passed away. The documents which survive and upon which the academician must put his trust are not always those most relevant to a proper understanding of the period. While the author is fully aware of the danger, he is also conscious of the advantages of having lived in North China from the inception of the Provisional Government to within a few months of its incorporation within the administration of Wang Ching-wei.

The conclusions arrived at in this study are based in large part upon that personal experience and upon extensive travel, both within the areas occupied by the Japanese, and over a considerable portion of the territory controlled by the Border Government. Conversations with leaders in both governments have been drawn upon, if not quoted. At the same time a careful day to day examination was made of the most important vernacular newspapers published under the Japanese censorship, particularly the *Ch'en Pao*, the *Hsin Min Pao* and *Yung Pao*. Full use has also been made of documents published by government departments in English and in Chinese, and of ephemeral materials such as mimeographed circulars, propaganda leaflets, billboard posters and radio addresses. As for the Border Government, the author is responsible for complete translations into English of the voluminous propaganda material he collected when travelling within the Border district. The Chinese originals have been deposited with the Library of Congress. It was also possible to secure by devious channels copies of the Border Government newspaper press, magazines and occasional official reports. An opportunity to re-evaluate the policies and achievements of the Border Government in terms of the United Front in Free China was afforded by a visit to Chungking, present capital of the National Government of China, in April and May of 1939. Full use was made of opportunities to discuss the Border Government, and all it stood for, with members of the administration in Chungking. Chapter and verse for much of the material referred to in the following pages has not been given because the author was unable to bring it with him out of China.

Personal experience is omitted from the following pages because it seemed best to organize this study in more objective

terms, in terms of the political and social techniques used by an army of occupation. The way in which a conqueror rules a conquered people is of importance not only to those who are interested in American policy in the Pacific and the deepening crisis in the area, but also to those who wish to relate this phenomenon to similar patterns in other parts of the world. One of the things that we can well afford to know more about is the way in which power is achieved and maintained in the modern world. Knowledge of this is clearly important both in the formulation of policy and the understanding of contemporary events. This book is a study of the way in which Japan has sought to secure and hold power in one section of China, of the methods of political and social control she used and the measure of success achieved by those who opposed her. The importance of presenting all the available evidence upon this modern problem of power will furnish whatever justification this study may merit.



## CHAPTER II

### THE PROBLEM OF CHINA

#### *China and the Powers—a Problem in Political Control*

Japanese efforts to secure direct political control over North China precipitated the present Sino-Japanese conflict. Considered from the point of view of the study of power and the way in which it is achieved and maintained, the background for this story begins with the economic expansion of Europe into the Far East during the last half of the nineteenth century. The impact of Europe upon the ancient pre-industrial Empire of China, coming at a time when that country was in a state of violent internal crisis, soon took the form, more clearly discernible after the ratification of the treaties of 1860, of a pattern of international control. While China, unlike Egypt and India, did not surrender her formal independence to any one imperial power, in practice she came under the domination of many imperial powers. It was of this that Sun Yat-sen was thinking when he called his country a "sub-colony."

The international control of China in the nineteenth century was simple and effective. It was cheap and easy to dominate China through the Manchu-Chinese Government, at least until the close of the Manchu Dynasty in 1911, because the government at Peking was weak enough to obey orders and strong enough to enforce them. A modified position cannot, however, be permanent; the whole technique of control was undermined by the progressive weakness of China. The coming of the Republic in 1911 brought with it a period of political confusion which lasted until the National Government came into power in 1928. During this interregnum the pattern of international control was elaborately defined in the Washington treaties of 1922. Certain parts of it were written into the general system of international law, for example the so-called "open door" policy which the United States was particularly anxious to maintain. There were other commitments in the treaties which bound the signatories to what has been known as the "coop-

erative policy" towards China—a policy, that is, of avoiding unilateral agreements with that country. The political basis for the whole technique of international control, for the cooperative policy, and the maintenance of the open door, clearly depended upon the continuation of some kind of balance of power in the Far East.

This balance of power, upon which the Washington treaties were based, was disturbed almost immediately in a quarter where change was least expected. The Chinese revolution of 1924-27 brought into power the present National Government which was committed to the achievement of national independence and was founded upon political sanctions approved by the imperialist powers but not by Soviet Russia. The character of the new government was indeed very largely determined not only by the cleavages within Chinese society, but also by that struggle between the capitalist world and the U.S.S.R. which for a few brief years was concentrated on the domestic politics of China. The imperial powers gave eager recognition to the National Government in 1928 because it had broken with the Chinese Communist Party and denounced the Moscow-Canton entente which had prefaced the revolution. The powers were compelled to give this Nationalist Government sufficient strength to deal with the domestic problem which faced it and in which they were vitally interested, the suppression of Communism within China. Thus, they undermined the cooperative policy by making China strong enough both to break up the united front of the imperial powers against her and to challenge the ambitions of her neighbor in Eastern Asia, Japan.

The year 1928 is a turning point in the history of the Far East because it ended the nineteenth century system of international control. Some of the relics upon which that system had been based, such as the treaty ports and extraterritoriality, remained. But it was generally expected that even these would sooner or later be peacefully abolished. The most important element contributing to this change was the arrival of the Nanking Government and its readiness to re-unite the country. But why were the imperial powers, except Japan, willing to strengthen the National Government and admit China to the family of nations, gradually but inevitably on terms of equality? One reason has already been suggested, the desire of the

powers for an ally, in China, against Communism. The National Government was born with the blessing of an imperialism whose general purposes it was not expected, after the elimination of the Communists, to challenge, and it was recognized that modifications would have to be made if the new régime at Nanking were to survive and be successfully controlled. The Nanking Government demanded more freedom from the powers than its predecessors partly because it had to meet more dangerous internal stresses and strains. Swept into power on the basis of anti-Communist reaction, it recovered China's lost sovereignty over such things as the tariff and certain treaty ports, because it had to have the money and the authority to carry on the struggle against the Chinese Soviets. Nanking was strongest externally when it was weakest internally; it could demand and receive the most respectful treatment from the imperial powers so long as the strength of the Chinese Soviets remained unbroken. When the struggle with the Communists was at its height, the National Government came nearest to securing revision of the "unequal treaties," but by 1935, when the Soviets had been driven out of Kiangsi Province, the first task, from the point of view of the powers, had been completed.

The other factor leading to modifications in imperial policy was the interest of the powers themselves in assisting Nanking to construct the fundamental institutions of the modern positive state. These institutions, for China, included centralized organs of government based on concepts of political obligation recognizing the internal supremacy of the state, the adoption of Western legal ideas and systems, modern administration, a national army, national currency and finance, modern banks, a national educational system and modern communications. The task was not an easy one, for the power of the state did not exist, it had to be created. These new forms of government were demanded by a combination of two processes, the growth of industry and commerce of the Western type in the colonial world and the change of emphasis in the mother countries from commercial to investing interests. In the nineteenth century it was sufficient to have in Peking an administration strong enough to enforce treaties, for so long as trade was the chief activity, treaty ports and extraterritoriality served the purpose. But in the twentieth century the Chinese Govern-

ment must be strong enough to pay dividends. Investment of the wealth which had accumulated from nineteenth century trade required much stronger guarantees of political security and continuity than did the pursuit of commerce. In other words, a government would be welcomed which could develop those institutions, economic, political and social, which provided a reliable framework for investments.

Chinese political development before 1928 did not keep pace with the pressure of foreign capital seeking investment; it was not until after the National Government came into power that the future looked bright for those with loans to spare. This accounts for the haste of the powers to recognize the new administration and their willingness to modify the old technique of controlling China to the extent of giving her more real power than ever before. It is impossible to set up the institutions of a modern state without developing some, at least, of its characteristics; a government which claimed to be nationalist could not maintain respect at home if it enjoyed none abroad.

These are some of the reasons why the old technique of political control over China was seriously modified in 1928. In order to explain why these modifications did not meet with Japanese approval and why Japan is now attempting to impose a political control over China even more complete than that of the nineteenth century, it is necessary to put the problem in its immediate historical setting.

The National Government inherited a China in which the old forms of government had been the chief object of attack while the new existed only on paper. Between the fall of the Manchu Empire in 1911 and the establishment of the National Government in 1928, internal political chaos hindered foreign trade and frustrated all hope of large-scale and profitable economic development. Hence the efforts of the powers to replace the Manchus with a "strong man" government, their support of Yuan Shih-k'ai and the later admiration for warlords such as Yen Hsi-shan. But the death of Yuan Shih-k'ai paved the way for increasing Japanese influence on the Peking Government, and the World War of 1914-18 gave the setting for the Japanese attempt to break down the traditional international technique of controlling China and to set up a Japanese monopoly. Then came the Washington treaties of 1922 which apparently provided a solution to the China problem but



which were in reality based upon the assumption that, however much China developed, she would not upset the Far Eastern balance of power. Two years after it had signed the treaties, the Peking Government was challenged by the Kuomintang, in alliance with the U.S.S.R., and failed to stem the tide of nationalist revolution.

The powers, alarmed at the new turn of events when the nationalist armies moved north of the Yangtze Valley, had much to do with the split in the revolution at Hankow and the divorce between the Communists and the Kuomintang in 1927. Having blessed the split at Hankow, the powers were compelled to support the new government which the Kuomintang established in Nanking, if only to ensure that the fight against Communism would continue. Recalcitrant as it was, from the point of view of those countries with heavy stakes in China, the new National Government provided the first hope, since Yuan Shih-k'ai, of an administration both able and willing to develop the institutions of the positive state, or, in other words, to bring about those changes necessary to make China a safe field for foreign investments.

China made enormous progress in this direction during the years 1928-37. The development of the superstructure of centralized government, the strengthening of new concepts of political obligation, the codification of law, the growth of modern banking institutions, the extension of Nanking's authority over the eighteen provinces, the reform of the currency, progress in education, and development of communications all met with the approval of the United States and Great Britain. But the rivalries between the powers took more violent form as the U.S.S.R. after 1927 showed more interest in internal development than sponsorship of world revolution, and the internal threat of the Chinese Soviet régime of Kiangsi Province to the Nanking Government grew less severe. There was no longer the common enemy to keep the powers united.

Any serious blow to the Nanking Government in its early years would have weakened it in the fight with Communism. The seizure of the three northeastern provinces by Japan in 1931 affected China politically and economically but did not undermine the stability of the Nanking régime; the Shanghai war of 1932 was a more serious matter and called forth vigorous Anglo-American efforts to bring it to a speedy conclusion.

The important point is that this was not allowed to develop into a general conflict. But the removal of the Chinese Soviets from Kiangsi Province in 1934 meant that the internal military threat of Communism in China was more or less at an end and it was no accident that the next year, 1935, saw the first large-scale attempt to invade China proper. This plan of Doihara to lop off the five northern provinces did not succeed in its original form, but it showed very clearly that from the point of view of China it was now a race between Chinese reconstruction and Japanese aggression, a race in which China found allies in those powers which were jealous of Japanese ambitions. Great Britain in particular came to look upon a stronger China as a possible defender of British interests in the Far East. But there was always the danger, and among British business men in China the fear, that a strong China would deal summarily with foreign treaty rights. This fear perhaps explains why China was not given that immediate measure of support which might have saved her from invasion in 1937. Enough moral and material encouragement had been given, however, much of it through the agency of the League of Nations, to build up a China which, in unofficial alliance with the United States and Great Britain, might be a menace to Japanese interests.

Japan felt herself compelled to destroy China. She feared the growing military strength and the spread of political and social concepts antithetical to her own. She did not have the economic resources necessary to compete with other countries in a free China. She could only make profits in a China she dominated politically. It will be argued that Japan by her own actions brought upon herself the ill-will of the Chinese and that, if she had changed her policy, she would have been able to cooperate with China on even, better terms than Great Britain and the United States. It was the Twenty-one Demands, the "rape" of Manchuria, the Shanghai war of 1932, the seizure of Jehol Province, and the Doihara five-province autonomy movement of 1935 which made cordial Sino-Japanese relations impossible. This is true, but these attacks on China must be put in the perspective of their relation to the international technique of controlling China; then it becomes clear that Japan was not only attacking China but also the Western powers in China. Driven by forces and conditions

within Japan, she was compelled not only to destroy the international technique itself, for she was losing her place in the pack, but also to slay the quarry itself.

Japan began to lose her place in the pack with the recognition of the National Government in 1928. This brought about a change in the pattern of China's relations with the powers, for she was now sufficiently important to make her goodwill a thing worth achieving. Great Britain and the United States made serious efforts to secure this goodwill after 1928 and were not uninterested in permitting anti-Japanese feeling to grow in China for political as well as commercial reasons. The new China promised well for British and United States interests in the Orient. Japan could not easily compete with the United States and Great Britain, nor could she approve of the China they were helping to construct. In the first place she did not have the capital resources necessary to compete in investments or in certain types of commerce. She feared the development of Chinese light industry using labor even cheaper than her own, as she could not compensate for this competition with her own light industry by exporting heavy industrial goods. In the second place she had little sympathy with the Westernization of Chinese education or the influx of "European liberalism," the term she applied to the general social and political concepts of the Anglo-American group of leading Chinese. It is easy to imagine the danger to Japan if her neighbor developed republican forms of government and representative institutions, Western concepts of sex equality, freedom of the individual, labor legislation, and political obligation. Japan felt that she was being outmaneuvered; that the rich democracies were encouraging the development of a China which, although profitable to themselves, would constitute a political and economic threat to Japan. Her only weapon, therefore, was to strike at Great Britain and the United States by destroying their handiwork.

The Western powers were creating, from the Japanese point of view, a Frankenstein's monster which, if allowed to develop, no one could control. To Japan the issue revolved around the question as to who was to control China, not whether or not China was to be controlled. Disagreeing violently with the moral isolation of their country which followed the first blow they struck in 1931, the Japanese might argue that the reluc-

tance of the United States to assist in the building of a Chinese navy showed that no power wished to see China develop to the point where she could challenge the general pattern of Far Eastern international relations. Japan saw no reason why she should give unilateral observance to principles embodied in the Covenant of the League but which she felt the major League powers had neither the will nor the force to apply. It is possible that Japan might have been satisfied with control of the five northern provinces of Hopei, Shantung, Shansi, Chahar and Suiyuan, thus dominating an important strategic area and enough of China's raw materials and markets to undermine the political and economic threat to her position on the mainland; and Great Britain might well have agreed to such a solution of the problem. Such an agreement would have been merely a compromise between rival powers; it might have delayed, but could not have averted, ultimate Sino-Japanese conflict.

The Anglo-Japanese talks which the war of 1937 cut short went along on the assumption that Japanese control of North China might be recognized in return for British control of South China. Such a development could not be acceptable to the United States which had already gone on record as disapproving unilateral changes in the Far Eastern situation from the time of the Manchurian incident onwards. Great Britain, it is true, had also disapproved publicly of the Manchurian affair in her capacity as a member of the League of Nations, but she was more ready than the United States for some *de facto* adjustments which might postpone Sino-Japanese conflict on a large scale. Britain, however, was in a difficult position. She did not wish to see war break out, yet the continuation of the National Government of China was now bound up with the preservation of British interests in China and, in order to carry out the tasks expected of it, this government must be allowed to encourage nationalism as an essential element in political obligation. It was for Nanking, therefore, to decide whether or not North China was an essential part of the Chinese state. When the Chinese were compelled to fight on the North China issue in 1937, Great Britain was in a sense "hoist with its own petard."

The Japanese invasion took the form, therefore, both of a unilateral attempt to revive imperialist domination of China,

this time on a frankly monopolistic basis, and of the development of a new technique for doing it. Such common front as remained between the powers in relation to China had disappeared completely when the possibility of Anglo-Japanese compromise on the respective positions of their empires in the East was swept away by the extension of the war into Central China. Long before this, however, the growing prestige of the United States and Great Britain in China, to say nothing of the League of Nations, had caused Japan to think in terms of unilateral conquest, an old hope but a new policy, which became more practicable as Europe became occupied with the problem of Germany. North China was the stepping stone from subsidiary to major conflict, from the seizure of Manchuria, over the loss of which China was not ready to fight, to that threat to the very national existence of China which inevitably involved a fight to the finish. In the whole process China has been the anvil and Japan the hammer, but the blows have hammered China into something very different from what the militarists of Japan so brightly hoped.

## CHAPTER III

### THE EMERGENCE OF RIVAL GOVERNMENTS

#### *The Provisional Government of China at Peking*

In the contemporary history of Sino-Japanese relations, the problem of North China assumed international importance after the establishment of Manchukuo. Consolidation of Japanese power north of the Great Wall made the northern provinces of China one of the weakest links in the chain of Sino-Japanese relations, and it was in these five northern provinces that many fundamental issues between Japan and China, and Japan and the Western powers were to be concentrated. The question as to who was to control this area, whether it was to become an integral part of the new China, expanding northward from its key economic centers in the Yangtze Valley, whether it was to be incorporated into Manchukuo, or whether it was to be established as a kind of buffer state, naturally depended upon the solution of much wider issues. Certainly by 1935 the situation had become so tense that the problem was impossible of local solution.

The Japanese are commonly supposed to have had two main solutions to the problem of North China. One was to set up a completely autonomous state consisting of the five northern provinces and to be called *Huapeikuo*, that is, the State of North China. This idea had been first mooted at the time when the old Anfu clique was in power. The alternative was to incorporate the five northern provinces as a unit in a federal China. It was with this problem of the political control in the north that Sino-Japanese relations between 1931 and 1937 were mainly concerned, and it was the failure to arrive at a satisfactory solution which provided the immediate cause of the present conflict. The Chinese Government, which refused to forgive or forget the loss of its northeastern provinces, insisted on treating the North China question as a national rather than a local affair. What was, to the Japanese, a matter of their relations with a section of China, only loosely connected with the

structure of the Chinese state, was, to the Chinese, a matter of national concern to be settled in Nanking rather than Peking. Out of these opposing views there naturally arose two very different estimates of the degree of political and economic integration which the eighteen provinces of China had then obtained. The Japanese saw in the Chinese Government a political monopoly of a corrupt and ill-advised party, the Kuomintang, which was opening the Orient to the influence not only of Communism but also of Western political liberalism, and even more dangerous because a more elusive foe. The Westernization of Chinese political and social ideas and institutions represented a serious threat to the political and social security of Japan. The Nanking Government, it was felt, violated the essential unity of the Orient by playing off the Western Powers against Japan; furthermore, it claimed a degree of national cohesiveness which it had neither the power nor the political capacity to establish. Finally, if this new China were to become a field for foreign investments, to develop its own industries, and process its own raw materials, there would be nothing but bankruptcy for a Japan ill-equipped to compete with the investing Powers or with a China whose light industry would employ labor even cheaper than her own.

The Chinese Government, however, saw in the same situation the elements of growing national consciousness and an integrated national economy. The Chinese, ultimately as anxious as the Japanese to be rid of Western domination, saw in Japan not an ally but a foe, and felt they had as much to fear from Japanese "cooperation" as from Japanese enmity. To China it appeared that the choice lay, not between Japanese leadership against the West and continued Western domination, but between Japanese or Western control. Thirty years earlier a different view of the matter had been taken, for, after the defeat of Russia, Japan had emerged as a possible leader of Asia against the "white peril." But Japan, torn between the desire to lead the East against the West, on the one hand, and to dominate the East in lieu of the West, on the other, wavered between cooperation and coercion, and China, anxious to secure an ally against the Western powers, but equally anxious to avoid exchanging one master for another, wavered between cooperation and resistance. More and more, the Chinese came to feel that the Japanese would always prefer their own imperial ambitions

to the leadership of colonial peoples against European domination.

A decisive factor in this situation was the attitude of the Western Powers themselves, for to them Sino-Japanese cooperation was not an end of policy. The United States could afford to go further in the encouragement of a free and independent China than other Powers, and Great Britain was often willing to compromise with Japan where the United States was not, but both were interested in a Far Eastern balance of power which would not include an effective Sino-Japanese alliance. By 1935 the situation had developed in such a way that the National Government of China constituted the main weapon of the Western Powers against Japanese expansion on the mainland. Unfortunately, the New China included forces which could not easily be controlled. Neither Great Britain nor the United States wished China to plunge herself into war over the North China issue, but they could not prevent her. More important still, the Chinese Government, to whom postponement of what appeared to be an inevitable conflict was still desirable, could no longer restrain its own people. It is perhaps clear now that Chiang K'ai-shek was playing for time and that the criticisms that were leveled against him before the actual outbreak of war were unjustified, insofar as it was assumed that his compromises with the Japanese indicated a greater dislike on his part for the internal enemy, the Chinese Communist movement, than for the external aggressor. It is always difficult, however, to retain a modified position for long. Whatever the motives of the Chinese Communists after 1935, in deciding that a national revolution against Japan should take precedence over an internal revolution against the Kuomintang, the agreement at Sian in December, 1936, undoubtedly hastened the conflict. The gradual emergence of a Chinese United Front put new life into Anglo-Japanese negotiations in London. The cessation of civil war meant that China, from the British point of view, might become altogether too ambitious, as indeed proved to be the case; British fears were only too well founded. When the trouble began at Lukouchiao it was the Chinese lower officers, impregnated with the doctrines of the United Front, who took the situation into their hands; it was the lower officer ranks of the Chinese armies and the articulate public, rather than the Nanking Government, which decided to resist.



The North China issue was the focal point in this pattern of Sino-Japanese relations. The attempts which had been made to settle the problem created more difficulties than they solved. General Doihara's scheme of 1935, to set up the five provinces of North China as an autonomous state, did not mature (in its original form) and he was forced to be content with the formation of the Hopei-Chahar Political Council under the chairmanship of General Sung Cheh-yuan. This body, while semi-independent, still owed nominal allegiance to Nanking although all Chinese national troops and all local organs of the Kuomintang were compelled to retire from these two provinces. The attempt to secure complete independence of the five northern provinces from the rest of China foundered on nationwide resistance, but the Chinese were not strong enough to prevent the establishment of a demilitarized zone within the Peking-Tientsin-Shanhaikwan triangle, and the erection of the East Hopei Autonomous Régime under Yin Ju-kung indicated on a small scale the thing that Japanese had hoped to apply over a larger area.

When the Japanese army occupied the north in the summer of 1937, it set up local provisional councils, the one in Peking being under the chairmanship of General Chiang Chao-tsung. The East Hopei Autonomous Régime ended as suddenly as it was born. Meanwhile the war proceeded until by December the capitals and main lines of communication of the five northern provinces had been occupied. In the full flush of victory the Japanese set up the Provisional Government of the Chinese Republic at Peking on December 14, one day after the fall of Nanking to the Japanese army in Central China. It was the aim apparently of the North China branch of the Japanese army to establish the claim of the régime it sponsored to a premier political position before any challenge should come from the régime about to be created in Nanking, or before any more provinces were lost, as was Chahar, to the Kwantung army. In the days of the Peace Maintenance Committee, the slogan of newspapers and public notices was "North China for the North Chinese." But by the time the Provisional Government emerged in December, this had changed to "China for the Chinese." Some of the officials of the East Hopei Autonomous Régime, together with several members of the Peace Maintenance Committee, found positions in the new government, the most im-

portant members of which, however, were taken over from the Hopei-Chahar Political Council. In fact, the Provisional Government was the Hopei-Chahar Political Council writ large.

The character of these men throws a great deal of light on Japanese aims and expectations. That these aims included an attempt to set the clock back is illustrated by the fact that the average age of the officials of the Provisional Government is around 60 years; they belong to an earlier generation than the present rulers of free China. The most important figures were officials in the former Peking government, which stood in opposition to the Kuomintang and was for many years an obstacle to national unification by that party. These men received their classical education in China and then went to Japan to study political science and law, the favorite subjects of scholars at that time. Some became prominent, most of them have been ministers at one time or another, and one or two rose to the rank of premier. They followed the old Chinese tradition in giving more or less disinterested service to whomsoever happened to be in power at any given time; they are the last representatives of the great traditions of the civil service of the Empire. It must be said of such men that they have been consistent in their opposition to the Kuomintang; they regretted the passing of the Empire and deplored the establishment of the National Government in 1928. When the Northern Expedition reached Peking in 1927 and the Peking Government fell, they lost their positions and some of them went to prison for their opinions. Many of them retired from politics and lived in the concessions; some turned to the study of Buddhism. After the Tangku truce of 1933 the situation again turned in their favor and the National Government employed some of them as mediators between China and Japan, while the Japanese urged their appointment to high office both in the provincial and central administration. And they themselves, readily forgetting their studies of Buddhism, seized the opportunity offered by the formation of the Hopei-Chahar Political Council under General Sung Cheh-yuan and again resumed their official careers. Not many of them joined the Peace Maintenance Committee immediately after the Lukouchiao incident, but they now hold the highest positions in the Provisional Government. They are well educated, experienced and competent; officialdom is for them a career, but there are masters they will not serve. It is mislead-

ing to refer to them as traitors and time-servers or even as being pro-Japanese, in the sense of wishing Japan to conquer China. The most valid criticism that can be made of them is that they belong to an order which has already disappeared and which the Japanese cannot revive. They refused to change with the times; they represent a China which no longer exists. They were used because there was no one else more suitable for the position, but they have reason to fear being replaced by a newly trained bureaucracy more adapted to Japanese aims and requirements.

The careers of several figures in the Provisional Government are worth recording, both as a commentary on the modern political history of China and for purposes of comparison with the background of the leaders of the Border Government. The Chairman, Mr. Wang Keh-min, born in 1873 in Hangchow, Chekiang Province, spent some time in Japan as Director of Chinese Students and, later, as Counsellor of the Chinese Legation in Tokyo. Returning to China in 1907, he served as a member of the Joint Committee of Financial and Foreign Affairs, and in 1918 went to the Shanghai Peace Conference as a Northern delegate. He had some financial experience as head of the Bank of China for two terms and was actually Minister of Finance in the last years of the Peking government. In 1932 he was used as Acting Chairman of the Political Affairs Readjustment Commission of the Executive Yuan. In 1935 he stood well enough with Nanking and Tokyo to become a member of the Hopei-Chahar Political Council, from which he graduated into his position as Chairman of the Provisional Government. An old style bureaucrat of the last years of the Manchu dynasty, Wang Keh-min would have made an excellent minister under the sort of constitutional monarchy that the Manchus were apparently ready to accept at the very last. He was persuaded to join the new Japanese sponsored régime, partly out of his general lack of sympathy with nationalist China, partly out of economic necessity; furthermore, he was too old to throw in his lot on the side of resistance.

Another member of the Hopei-Chahar Political Council and an important figure in the Foundation Committee of the Provisional Government, Mr. T'ang Erh-ho, comes also from Chekiang Province. Four years junior to Wang Keh-min, T'ang also went to Japan to complete his education, graduating from the

Kanazawa Medical College. In 1921 he became Director of the National Medical College in Peking, entered politics as Minister of Education in 1922 under Wang Chung-hui, and in 1923, at the time of the disastrous earthquake in Japan, was sent by the Chinese Red Cross as "condolence envoy" to that country. Politics apparently attracted him more than medicine, and he rose to the rank of Finance Minister in 1927. A member of the Committee for the Custody of Maritime Customs and of Super-Taxes, he was also on the staff at Northeastern Army Headquarters and, after the Manchurian incident, was sent by General Chang Hsueh-liang to Japan as an official envoy. An obvious choice for the Hopei-Chahar Political Council, T'ang Erh-ho logically found a place with his fellow provincial in the Provisional Government.

Tung K'ang, a Kiangsu man, was born in 1867 and is one of the oldest members of the Government. Like his colleagues he attended a university in Japan, and in 1914 became Chief Judge of the Peking Court, a position which he held until 1918. The next two years he acted as President of the Law Codification Bureau, was reappointed as Chief Judge of the Supreme Court in 1920, became Minister of Justice in 1921, and in 1922, according to the best bureaucratic tradition, held both the Ministry of Finance and the Director-Generalship of the Salt Administration, as well as other posts. During the same year he visited Europe and America to inspect commercial and industrial conditions. Returning to China, he served from 1923-26 as Vice-President of the Commission on the Abolition of Extraterritoriality and Vice-Chief of the Committee for Legal Rights. When old-style politics was ended in Peking by the revolution, he became a professor in Tung Wu University in Shanghai as well as President of the College of Law in the same city. Later he joined Peking National University where he was teaching when the current incident broke out. Now so blind that he can hardly read, Tung K'ang probably joined the Government for the same reasons as Wang Keh-min.

Wang Yi-tang, now in the middle sixties, an Anhwei man, also had legal training in Japan. A strong supporter of Yuan Shih-kai, to whom he was secretary-adviser, Wang entered politics in 1917 as a leader of the House of Commons. When Yuan was deposed, Wang left for Japan. After the second war between the provinces of Chihli and Fengtien, Wang became Governor

of Anhwei, from which post he resigned in 1925. When the creation of the Hopei-Chahar Political Council restored the old Anfu atmosphere, Wang came back into office as one of its members and moved logically into the Provisional Government.

General Chiang Chao-Tsung, born in 1863 in Anhwei, is a man of a different type. First achieving prominence in 1912 as Chief of the Infantry Corps in Peking, in 1917 he became Vice-Commander of the Capital Guard Army. In the same year he not only acted as temporary premier, but also supported Chang Hsun in his attempt to restore the Ch'ing Dynasty. The failure of this *coup d'état* forced Chiang to retire from politics and confine his public activities to those of a religious or philanthropic nature. He had been out of politics, therefore, for twenty years when he was offered this opportunity to serve his country by helping the Japanese.

Kao Ling-wei, born in 1868 at Tientsin, is one of the few members of this Government who come from North China. Brought up in the old literary tradition, and passing the literary examination, he first became important as Superintendent of the Military Academy and Director of the Mint Bureau in Hopei Province. After the first revolution he served the Peking Government in various capacities, such as Chief of the National Tax Collection Bureau, moved up to Manchuria for some time, but returned in 1921 to serve as Vice-Minister of Agriculture and Commerce, Finance Minister, and Director of the Currency and Salt Administration Bureaus. In fact, he held most of the offices of government in turn, including the Premiership, from which he resigned in 1924 to become Director-General of the Customs Administration. After the Nationalist Revolution, his political prospects did not brighten until the creation of the Hopei-Chahar Political Council of which he became a member. On the outbreak of war, he further recommended himself to the Japanese by becoming chairman of the Peace Maintenance Committee at Tientsin. From this to the Provisional Government was but a natural step.

Another member of the Hopei-Chahar Political Council, Chi Hsieh-yuan, now in his middle sixties, was also a northerner, and, like Chiang Chao-tsung, a militarist. After leading the Chihli armies to defeat, in the first Kiangsu-Chekiang war, he fled to Japan in 1924, returning to China the next year. Membership on the Hopei-Chahar Political Council represented his

first high political position. Another Hopei man, Chu-shen, graduated in law from the Tokyo Imperial University. He first became known as Chief Procurator of the Metropolitan Procurator's office from 1913-1915. Like most of his colleagues he has served in various positions in the Peking Government, and acted as adviser to the Anfu clique; in 1925 he became Superintendent-General of the Metropolitan Police Force. The coming to power of the National Government forced him out of politics into business until his services were required in the Provisional Government.

These men, who stand in the highest positions, have at least been consistent in their willingness to serve in official capacity as paid bureaucrats. Below them are men of the middle class of officials such as the directors of the various bureaus under the ministries. They follow their masters, with whom they have some kind of connection based on family relationship, friendship, or long service. Most of them have a mixture of the classical and the new education, many were trained in the Anfu days, all of them follow their patrons, whom they know well how to please in or out of office. Judged by modern standards such men are not competent to hold office and they were gradually being removed by the National Government, but it must be admitted that they are still very prevalent, especially in *hsien* administration, even in free China. This class of officials has no future under the Japanese-sponsored governments because the Japanese will use more and more Chinese trained by themselves, or even Japanese, in these positions. Thousands of such Chinese are now unemployed in North China, but they are sending their sons to the Japanese-controlled schools where such Chinese officials as will be needed are being trained.

The most significant thing about the personnel of the Provisional Government is the men it does not include. There are here none of those Western-trained officials who stand for everything in China to which the Japanese are opposed. The Chinese leaders of the Peking régime come from a generation which had everything to lose from the development of a nationalist China, but their usefulness to the Japanese is limited by the fact that they have no support among their own people. There is no constituency to which they can appeal, no body of opinion in their favor which is of any serious political value. They were suited to the declining years of the Manchu dynasty, not to the

early years of self-conscious nationalism. Little wonder then that the Provisional Government, although predominantly Chinese in personnel, is in fact very largely controlled by Japanese. Wang Keh-min has no well-organized political party with which to bargain for position, he stands for no body of ideas with which the invader must reckon. On the other hand, until the Japanese produce a new bureaucracy or persuade others to join them, these men at least have a certain scarcity value, a fact which gives them bargaining power.

Japanese intentions toward the new régime, as well as the importance they attach to its work, can be judged by the quality of the advisers they attach to every ministry and bureau. Some of these are men of capacity and experience. The highest Japanese adviser to the Provisional Government was formerly Minister of Education in Japan; the political adviser was Consul-General in Tsinan; the man attached to the Executive Committee came from the General Affairs Bureau in Manchukuo; the agricultural expert was chief of the Bureau of Forestry in Tokyo; and the financial expert comes from the Japanese Embassy in China. The highest organs of government, therefore, are controlled by prominent men; not so the ministries and bureaus, where carpetbaggers swarm in large numbers and are grossly overpaid, a fact which Chinese office seekers resent almost as much as the invasion itself. In general, it can be said that the higher the office the more the pretense that the Chinese rule, but the less actual reliance upon them; the lower the office, the more arrogant and overbearing the Japanese official and the less the pretense that the Chinese are ruling, but the greater the actual reliance upon Chinese—who know the language, the people, and the local conditions. It is the petty Japanese bureaucrat who, uncontrolled by public opinion, offends the Chinese the most, and is the ubiquitous representative of the new régime.

As this was not the first régime set up by the Japanese in a conquered land, it was to be expected that it would have some features in common with earlier experiments. The most profitable comparison is with Manchukuo, the government of which "state" was set up in stages somewhat similar to those which preceded the emergence of the Provisional Government. The first régime to arise after the Mukden incident was a Committee for Preservation of Local Peace and Order, organized at Muk-

den; the second step was the setting up of independent governments in the provinces of Fengtien, Kirin and Heilungchiang. Then followed an Administrative Committee, composed of members of the provincial governments, which was responsible for the preparations to be made for the establishment of a new state. The conquest started on September 18, 1931; the state of Manchukuo was announced in March, 1932; two years later came the Empire of Manchukuo with Pu Yi, who had been serving as chief executive of the Administrative Committee, sublimated into the Emperor Kangte. A somewhat similar process was followed in China to produce, not an Emperor, but a rehabilitated version of the Chinese Republic. First came the Peace Maintenance Committee in Peking, August, 1937; the second step was the creation of the Provisional Government in December of the same year. Then there was the emergence of other local régimes such as the Mengchiang Government of Inner Mongolia, the Reformed Government of Nanking, and the Tatao Government of Shanghai. The so-called United Council of China, created in 1938, corresponds to the Administrative Committee in Manchuria and was composed of representatives of the two largest "puppet" régimes in China, the Reformed and Provisional Governments. Although the Peking régime still called itself the Provisional Government of China, it apparently accepted equal status with the Reformed Government of Nanking when the United Council came into being. The United Council acted as midwife in the negotiations for the inauguration of the Central Government at Nanking under Wang Ching-wei. In Manchukuo the basic philosophy of the Empire is said to be "Wangtao," or the Kingly Way, and the Emperor apparently enjoys the same position in the relation to the state as does the Japanese Emperor. The organization of administrative machinery as finally adopted in 1937 bears very close comparison with the Japanese pattern. Those who were responsible for the creation of the Provisional Government of China in Peking were apparently impressed with the Manchukuo model, for they attempted to spread the doctrine of Wangtao and replace the republican doctrines of the Kuomintang with the imperial political philosophy. When reports came that work on the Emperor Kangte's palace in Hsinking had ceased, and when the Forbidden City in Peking was seen to be under repair in 1938, the question as to whether or not the



Emperor would be restored to his original abode was widely discussed in North China. The sequel in China was very different from that in Manchuria but the underlying principle was the same; that is, in both instances patterns of government were adopted which most closely approximated the political concepts of the people. Broadly speaking, it can be said that if the people of Manchuria had heard of a republic, they had never seen one; the last orderly government in their experience was that of the Manchu Empire. In 1931 they were only just beginning to feel the expanding power of the National Government of China. Certainly the restoration of the Emperor involved no violent challenge to the political prejudices of the population of Manchuria as a whole. But to have attempted such a restoration in China proper would have made the conquest doubly odious to the Chinese, and the task of consolidating a political and social basis for control vastly more complicated. North China was a marginal case, for here the fires of Chinese nationalism had never burned very brightly, but in Central and South China there were concepts of political obligation based on the revolutionary teachings of Sun Yat-sen which were far too widespread to permit of an easy revival of the Empire. The Japanese, therefore, followed the only possible course of building up in Central China on foundations already laid, and of treating North China as a marginal case where experiments could be made with the introduction of a new political theory and a new political party.<sup>1</sup> That is, instead of challenging the theory of the Chinese Revolution, they pretended to adopt it by establishing a government based on a rump Kuomintang which used the same flag, obeyed the same master, Sun Yat-sen, and used the same forms of government as the pre-war Nanking régime now in Chungking. Thus the Chinese were presented with a choice not between political concepts to which they were accustomed and other concepts toward which they had been taught to be strongly opposed, but between allegiance to Chiang Kai-shek as the "false" and Wang Ching-wei as the "true" heir of the revolution.

In the northern provinces, neither the Empire nor the Republic meant very much to the people as a whole; the Empire was dead and the Republic had not yet come to full life. Since 1935

<sup>1</sup> The new political theory was called the Hsin Min Chu I; the new political party, Hsin Min Hui. For details see below, p. 70.

the Kuomintang had been compelled by the Japanese to conduct its activities in Hopei Province either secretly or not at all, and the national armies were also excluded. In Shansi Province Yen Hsi-shan did not encourage the party to spread its doctrines or add new members, nor was progress very easy for the Kuomintang in Shantung Province where Han Fu-chu acknowledged only a grudging allegiance to the Central Government. The provinces of Chahar and Suiyuan were even more innocent of the doctrines of the revolution. North China, in fact, was a kind of political vacuum. The Japanese did not differ from the judgment of most observers in assuming that although there might not be any broad-faced political movement favorable to their ambitions upon which they could base their power, at least there would be no spontaneous organized opposition against it. The opposition which did in fact arise, in the form of the Border Government, put too severe a test upon the administration of old men whose genial conservatism was expected to keep the millions of North China under political control. The Japanese were forced to assume more and more direct participation in government, and thereby destroy whatever chance there may have been of enforcing the sort of indirect rule which the Hopei-Chahar Political Council had failed to provide and which the Provisional Government was expected, at the time of its inauguration, to assure.

Indeed, the original expectation of making the Provisional Government a puppet régime in the widest sense of the term is shown by the fact that most of the personnel came from the defunct Hopei-Chahar Political Council. The Political Council had failed to serve Japanese purposes chiefly because it was not free from the pressure of the Central Government, rather than because the Council members were uncooperative. To sever this influence the Japanese were compelled to fight a major war, but, once this influence had gone, it could be assumed that the same men would be free to carry out the policies of the controlling power. In political theory the position was taken that the Provisional Government was created by the Chinese people, with the help of the Japanese army, because the "usurpation" of power by Chiang Kai-shek and the Kuomintang had led to nothing but exploitation of the people and ruin of the country. The Japanese, in explaining things this way, apparently adopted the old Chinese theory that a people has the right to revolt against

its rulers when the rulers are incompetent. This is not part of the political theory of Japan.

On the constitutional side, further deference was paid to Chinese political practice by establishing, at least structurally, three powers of government—the Judiciary, the Legislature, and the Executive. In many respects there is a close parallel between the constitutions of the Provisional and Central Governments, except that the Censor and Examination Yuans were eliminated and that there is no provision for popular control. In the constitution of the Provisional Government there is no system of elections, no pretense at representative institutions, no provisions for the removal of the chief officials, except, presumably, by action of the Japanese advisers who are provided for in the constitution.

According to the constitution, the Executive Committee is the supreme executive organ of the Provisional Government. It has six members and a chairman, all of whom can serve as ministers of the various ministries under the Committee. Decisions must be made by the Committee in regard to the initiation of laws before they are presented to the Legislative Committee for approval; the presentation of the national budget for approval by the Legislative Committee; the declaration of war and the making of peace and of treaties before the proposals are presented to the Legislative Committee; special pardons, the mitigation of punishment, and the recovery of rights of prisoners; the appointment and dismissal of officials of the various organs under the control of the Committee; the arbitration of quarrels between these organs; and any other matters the Committee regards as needing action. Under the Executive Committee there are six ministries: the ministries of the Interior, Justice, Education, Industry, Finance, and Pacification. Those matters which do not lie within the jurisdiction of these ministries are dealt with by the Committee itself. The Executive Committee and the various ministries have the power to direct and supervise the Executive Chiefs of the local governments in the execution of their powers. Besides its secretariat the Committee directs the Bureau of General Affairs, the Bureau of Foreign Affairs, the Bureau of Communications, the Bureau of Auditing, the Bureau of Investigation, the Bureau of Choosing and Examination of Officials, and the Bureau of Information. Furthermore, the Executive Committee may have its own advisers.

The Legislative Committee is in theory the supreme legislative organ of the Provisional Government. It has a chairman, five permanent members, and power to co-opt. It deals with the following matters: national policy; laws; national budget; the appointment and dismissal of special officials; the declaration of war and the making of peace and treaties; and other matters requiring decisions by the Legislative Committee. The Committee has its own Secretariat.

The Judicial Committee is the supreme judicial organ of the government. It has five members and a chairman who deal with the following matters: the unification and explanation of laws and ordinances; the changing of precedents for legal cases; the presentation to the Legislative Committee of proposals and matters that the Committee should deal with; the appointment and dismissal of officials in the organs under the control of the Committee; and other matters requiring its decisions. The Judicial Committee has its secretariat, the Supreme Court, the Executive Court, and the Court of Punishment for Officials.

In practice, the real governing body of the Provisional Government is the Executive Committee, whose members fill all the important posts in every department of administration. This is the Cabinet, which initiates and administers the law. It is directly answerable to the three most important Japanese advisers on military, economic, and political affairs; they in turn are answerable to the Japanese army in North China and in the long run to Tokyo. While there is a structural distinction between the three powers of government, actually they are not independent because the personnel is interlocking. There is not the slightest doubt that all important decisions are taken by the Japanese, and the main influence that can be exerted by the Chinese arises out of their ability to play off one Japanese group against another. Such opportunities have arisen because there were strong cliques among the higher Japanese army officers, and because many Japanese bureaucrats, seeking profits, acquired a vested interest in the continuation of this particular form of government.

The Provisional Government has no control over the Japanese armed forces or the Japanese-controlled Chinese troops recruited from Manchuria or North China. The Chinese police, though reorganized by the Japanese, remained unarmed. The Government could enforce law only with the permission and

the assistance of the Japanese army, but the Japanese army could, and did, do anything it wished without consulting the Government. This dualism in the political system was obviously convenient to the controlling power when it wished to avoid responsibility for its actions but had its dangers in the unilateral action on the part of the army, which naturally lowered the prestige of the civil authorities. The first and last court of appeal was always the Japanese army.

As an instrument for the carrying out of Japanese policies the Provisional Government appeared at first sight to be well designed; it was small, compact, and monolithic. There was only one political party, the New Peoples Party, or Hsin Min Hui, and one political creed. Ministers were appointed, not elected, and could be easily removed. There was a controlled press, a regulated educational system, and a large secret police. Law had to be enforced by coercion and intimidation, and there was overwhelming military force at hand. In practice, however, administration was far from being efficient. Some of the reasons for this have been indicated, such as the dualism in government between the military and civil authorities, to which might be added the irresponsibility of the lower Japanese military officers, officials, and subjects in dealing with the Chinese population. Another very important factor which complicated and confused administration was the multiplicity of special departments and services. The people were exposed to administrative acts from innumerable bodies, such as the Hsin Min Hui (see below for an account of its activities), the Hsuan Fu Pan or Pacification Corps, the Special Affairs Department of the Japanese army, the ordinary police, the military and consular police, and the local Japanese garrison officer. The Hsin Min Hui grew to such proportions that it was difficult, in some cases, to determine where it began and where the government ended. The Provisional Government, from the structural point of view, was a workable instrument of political control, but from the functional point of view it was at the mercy of numerous semi-independent groups exercising arbitrary administrative powers.

The confusion at the center is equaled only by that in local government. The general system of local administration is that of the Kuomintang with the exception of the revival of the Tao, the old Ch'ing dynasty division in provincial administration (Chi-tung tao-22 *hsien*; Tsinan tao-33 *hsien*; Paoting tao-38

*hsien*; Ching-hai tao-32 *hsien*). Wang Tao-ying, Intendant of Chi-tung tao, admitted that he controlled only seven out of twenty-two *hsien* in February, 1939. According to regulations each department of local government can make its own laws and ordinances so long as they do not contradict those of the Provisional Government. Municipal Councils are established in cities with a population of over 300,000, or where special political and economic conditions exist; these are directly under the Provisional Government. Special Municipal Councils are set up in cities where the population exceeds 1,000,000 (such as Peking and Tientsin), or where special political and economic conditions exist. These again are directly controlled by the Provisional Government.

Provincial administration is at present in a very unsatisfactory condition; it is concerned mainly with the collection of taxes, the building of roads, and the attempt to aid in the pacification of the country. Theoretically the Provisional Government controls the four provinces of Hopei, Shantung, Honan, and Shansi; in fact it controls a very limited portion of each. Revenue, therefore, is very small and one of the chief expenditures of the Provisional Government has been the subsidies paid to provincial administrations. There are so many different bodies coming into direct contact with the people—the local administration proper, the Japanese army with its local garrisons, hospitals, expeditions against guerillas and its purchasing and requisitioning bodies, the Hsin Min Hui, the various political and religious organizations such as the Mohammedan and Buddhist associations, the Cooperative societies, the Hsuan Fu Pan, the educational inspectors, the North China Development Company, the Railway Board—that chaos is to be expected. Over large areas the Japanese rule by day and the Chinese guerillas by night. Peasants dig trenches for the one side by night and fill them in again for the other by day. Out of the thirty million people in Hopei Province, the Provisional Government, at a rough estimate, controls about ten million. Extension of administration waits upon extension of military control.

Such was the hastily constructed political machine set up by the army in North China after the fall of the five northern capitals. That it did not represent the wishes of the people of the North goes without saying, but it must also be remembered that ~~few previous administrations in these provinces could have~~

made stronger claims to a popular mandate; the Provisional Government was only less democratic than its immediate predecessors in that it came into power as a result of foreign conquest. From the point of view of the Japanese, the conditions for the reestablishment of government in North China were more favorable, in some aspects, than in any other part of China. The chief cities and railways of the northern provinces had been overrun with remarkable rapidity and with comparatively little destruction of life and property. Peking and Tientsin fell within the first weeks of the war and Kalgan, Paotingu, Shihchia-chuang, Tsinan, and Taiyuanfu had all been taken by the beginning of December, 1937. The collapse of the northern warlords was complete, and their retreating armies had done little damage, for the scorched earth policy was never applied so vigorously in the northern, as in the central, part of China. Furthermore, the hold of the Kuomintang had never been very strong over the North. Under such circumstances it was possible to establish a new régime as soon as formal conquest had come to an end. The new government came into office with proper and well-guarded ceremonies on December 14, 1937, six months after Lukouchiao.

*The Border Government of Hopei, Shansi, and Chahar*

Conditions in the hinterland were indeed confused. The fall of Taiyuan, capital of Shansi, on November 8, 1937, had completed the loss of most of the railway system of Shansi Province. Northeast Shansi, central Hopei, and other areas to the north had been cut off from the rest of China; the railways had become barriers to communication. Twenty days after the war began the Central Government created a military district in Hopei under General Ch'en Ch'ien and one in Shansi under General Yen Hsi-shan. Discussions between General Nieh, an Eighth Route Army veteran of Kiangsi days, and Mr. Sung, formerly head of the propaganda department of the Shansi Provincial Government, led to the suggestion of an inter-provincial government. The opposition of Yen Hsi-shan, on the grounds that this would cut across two military districts, was overcome by Ch'en Ch'ien, and five men, including Sung and Nieh, were permitted to prepare for a conference of delegates at Fuping. From January 10 to 15, 148 representatives from

thirty-nine counties met at Fuping.<sup>2</sup> Some were magistrates, but the majority were appointed by popular organizations such as village mobilization committees, whose authority, for the lack of a better, was recognized by the conference. They selected a committee of nine to form a government and telegraphed to Yen Hsi-shan. On January 22, Chiang Kai-shek approved, and on February 1, Dr. H. H. Kung wired the confirmation of the Executive Yuan. The new inter-provincial emergency government, controlling at first only thirty-six counties, became a legal body responsible to the Central Government. It is this body, the Border Government, which revolutionized the situation in North China.

This situation was frankly described by the delegates. In his inaugural address, Mr. Sung, who had acted as chairman of the preparatory committee for the conference, said in part:

Japanese imperialism is now in occupation of a certain number of important cities and railways in North China. The mad invasion still continues. Aspiring to ruin our country, Japan has established a puppet government in Peiping; but simultaneously our representative assembly is holding its formal inauguration. What was quite beyond our expectations two months ago now becomes a fact. Here I see representatives from different *hsien* joining together in one room, and I am overjoyed and full of unre-

2 DISTRIBUTION OF THE MEMBERS OF THE ASSEMBLY AT FUPING

<i>Name of Groups Represented</i>	<i>Hopei</i>	<i>Shansi</i>	<i>Chahar</i>	<i>Total</i>
Hsien Governments.....	20	8	1	29
Mobilization Committees.....	3	4		7
Farmers' Associations.....	11	4		15
Defense Organizations.....	11	1		12
Guerilla Units.....	13		1	14
National Salvation Committee.....	7	1	1	9
People's Defensive Army.....	10			10
Labor Associations.....	4	1		5
Young Men's National Salvation Associations.....	3	1		4
Women's Association.....	3	1		4
Women's National Salvation Associations.....	6			6
Sacrificial National Salvation Alliance.....		2		2
Mohammedans of Tingsien.....	1			1
Mongolians & Tibetans Patriotic Associations.....		1		1
Yellow Temple Lama Monks.....		1		1
Pioneers of National Salvation.....		1		1
Headquarters.....	2			2
National Revolutionary Warfare Mobilization Committee.....		1		1
Communist Party.....		1		1
Local Communists.....		1		1
Anti-Japanese Army.....	1	1		2
7th Route Army.....	5			5
4th Route Army.....	1	2		3
Military Headquarters.....		1		1
District Political Departments.....		1		1
Justice Alliance.....		3		3
Preparatory Committee.....	1			1
Teachers' National Salvation Committee.....	1	1		2
<b>Totals.....</b>	<b>103</b>	<b>38</b>	<b>3</b>	<b>144</b>



strained hope. The assembly of today is the result of two months of effort on the part of you, our anti-Japanese comrades. After the loss of Taiyuanfu a feeling of despair prevailed over the borders of Shansi, Hopei, and Chahar. There was general devastation. But now things are quite different; shops are opening, trades are continuing, and life continues as usual. . . . There is now in this area the lively atmosphere of a nation in process of emancipation. Two months ago very little was left of the Chinese Army in Shansi; General Nieh was almost alone; but today we have already established five military areas east of the railways with more than 20,000 armed people, and 60,000 to 70,000 warriors who constantly attack the enemy. The enemy now is too timorous to come into our territory. This is the result of two months' effort.

Mr. Sung went on to emphasize the growth of people's organizations and the growth of guerilla activities. He pointed out that the task of the assembly was to solve the political, military, and economic problems of resistance, in particular to build up in the border regions a base from which the North could be recaptured. General Nieh, a French returned student and a Communist, pointed out in his speech that the establishment of the new Border Government was due to what he called "objective conditions"—in other words, the confusion arising out of Japanese invasion. He himself had been appointed by Generals Chu Teh and P'eng Teh-huai to command the Eighth Route Army in the northeast of Shansi Province. He naturally found work very difficult under conditions of political chaos and for that reason was vitally interested in the reestablishment of unified government. In his speech to the delegates he put the problem in the following way:

But what sort of government do we need? We need something different from formal official governments. But at the same time it would be madness to seek to establish the Soviet type of administration. What we need is government by the great mass of the people, government which is based on all parties, factions, and classes. We need an anti-Japanese government . . . the method of organizing this government should follow the pattern of the national government.

General Nieh pointed out to the delegates that the development of guerilla warfare had already been sufficiently impressive to compel the Japanese, after the fall of Taiyuanfu, to take up a defensive rather than offensive position, and that the Japanese Government had already accepted the fact that a short war was a thing of the past. He linked up the purposes of the new government with those of China as a whole, and saw the military tactics of the guerilla units under his command as part of the

general strategy of the National Government in its struggle with Japan.

Mr. Liu Tien-chi, the Kuomintang representative, put the issues in very different terms. In his view the creation of a Border Government on the basis of a united front of all parties and all classes was a logical step in the development of the Chinese revolutionary movement, the history of which he described from the year 1924 onward. Put briefly, he argued that the split between the Chinese Communists and the Kuomintang in 1927 turned the revolutionary front into civil war, a source of meaningless waste for ten long years. Japan took advantage of this situation to invade China in 1931. Since December, 1936, the time of the Sian incident, the Chinese people have realized that they must join together to fight for their existence. Mr. Liu went so far as to say that the leaders of the Kuomintang, looking back over their policies of the last ten years, realized their mistakes and therefore "bravely and frankly accepted the demands of the great mass of the people and changed their policy to one of leading revolutionary forces in stern resistance against the enemy." Since Lukouchiao, all factions and parties in China have tended toward increased national unity; the stronger the Japanese attack, the closer the Chinese unity. From this history, he said, it is apparent that "if the revolution separates itself from the people, it cannot succeed!" Since the Sian incident, he argued, the Chinese revolutionary movement had returned to the situation as in 1924. He concluded: "Only the close unification of the revolutionary forces and the great mass of the people can produce the power necessary to break the invasion of the enemy." The Kuomintang representative stated the Communist case much more fully than any of the Communists present at the assembly.

Such was the temper of the conference at Fuping. In the light of these speeches this representative assembly, as the Chinese considered it, urged the establishment of a Border Government for the carrying out of a mandate defined under three heads: (a) to strengthen and develop a base for the conduct of guerilla warfare in North China; (b) to coordinate the military, economic, and administrative organizations in the border regions for purposes of long-term war; (c) to destroy the political influence of puppet governments sponsored by the Japanese. The Border Government Committee, duly elected by the assembly,

consisted of nine persons chosen to reflect as much as possible all the elements in the so-called United Front. Of this committee of nine, Generals Nieh and Lu were Communists, while Mr. Sung, Chairman of the Government, had no party affiliation. Four were members of the Hsi Meng Hui, formerly Yen Hsi-shan's party in Shansi. Liu Tien-chi, Minister of Education, who represented the Central Kuomintang, had been a member of the Shensi Provincial Committee and of the Yellow River Conservancy Board. The other member was non-party. Two of the committee were to remain in central Hopei, one in Chahar, and six in Shansi, where most of the major lines of policy were in fact decided.

An investigation of this government in the summer of 1938 found much evidence to show that the new administration was in good working order. The committee of nine apparently did not reach decisions by voting along party lines. Indeed, Mr. Liu, the Kuomintang representative, stated most emphatically in private conversation that he was rarely reminded of his party affiliation, and that, although there was obviously a great deal of Communist influence, Communist Party members remained definitely in the minority, both in the government and in *Hsien* administration. The new spirit of devotion and service which obviously pervaded the administration was due not only to the quality of the new leadership and to the fact that a clean sweep had been made of official personnel, but also to the fact that all officials, both civil and military, shared a common and urgent political motivation. This motivation, put briefly, consisted in the realization that everything must be subordinated to the prosecution of the war against Japan.

In structure, the Border Government can hardly be compared with that of its rival, the Provisional Government at Peking, which had pretensions to the ultimate control of the whole of China. The Border Government was merely a temporary war-time device; it claimed to rule only sixty *hsien* (the Province of Hopei alone has over one hundred *hsien*) covering an area of roughly 95,000 square miles, with a population of 14 million people. When first established, the structure of administration followed one of the two main patterns of provincial administration used by the National Government. It favored the committee system as opposed to the military governor system. The new principle which emerged at the birth of this gov-

ernment, and which survived to modify later the main administrative organs, was that of popular participation in government. This feature most certainly distinguishes the Border Government from the Japanese-sponsored régime in Peking; it represents also an application in practice of concepts of government already formulated and accepted but not applied by the National Government of China. The reason for this is clear. Guerilla warfare, the only possible type of resistance against the Japanese in North China, demanded by its very nature the spontaneous cooperation of the people. Such cooperation could be achieved only by admitting the people to some share in the government.

The assembly at Fuping made a declaration which included a significant statement of the aims of the new government. They were: to arm and mobilize the people, to better the livelihood of the people, to have a real democracy, to exterminate all traitors, and to build up a system of wartime economy and a strong base for guerilla warfare. In this task all classes and groups, religious or political, were to be united. It will have been observed that among the groups represented at the assembly were representatives of religious organizations, such as the Mohammedans and Lamas; National minorities such as Mongolians, and Tibetans; economic groups, such as labor organizations, farmers' associations, teachers unions; social and political groups, such as national salvation associations, women's associations, the Communist Party, mobilization committees, and army units. A vivid illustration of the lengths to which the Border Government went in its cultivation of the united front may be seen in the following speech of Liu San-yang, delegate of the Lamas of Wutaishan:

I am a Lama. But a Lama can also do what ordinary people do. At the present time the Japanese are invading us and this is a period of national crisis; therefore, the Lamas should also take their part in the salvation of their country. Our Mongolian-Tibetan comrades have informed us that the enemy is utilizing Mongolians to fight against Chinese. This is without doubt one of the cunning tricks used by the enemy. But we know without hesitation how to unite our countrymen of Wutaishan to fight against the Japanese. The Lamas in the Wutai area number more than 200, are well organized and equipped. We have a department of propaganda in order to persuade our people not to be utilized by the enemy. Still more important, we are going to persuade Teh Wang to oppose the Japanese. We are going to tell the Mongolians that China treats them well, but that

the Japanese treat them cruelly . . . we should strive through our propaganda to achieve the full unification of the five main races in China and with this unification we will fight Japanese to the bitter end.

The emphasis on a united front and representative institutions forms the chief characteristic of the Border Government. In structure merely a provincial committee, including however the new feature of popular election, this administration in action worked through a new popular army, a new idealistic bureaucracy, and numerous mass and local organizations. Owing to the peculiar conditions under which it came into existence and the divided territories it hoped to control, it had to build up local administration almost from the bottom. Yet the Border Government rapidly changed the whole situation in the north. Within a few months it organized guerilla armies sufficiently powerful to force the Japanese Army in North China to increase its garrison in all the major cities, fortify the railway lines, and divert men and supplies needed badly in other parts of the country to the maintenance of communications. The Border Government by the summer of 1938 had not only restored Chinese administration to a considerable portion of North China, but had also limited the area controlled by the Provisional Government to such an extent that Peking probably controlled less territory and a smaller population in 1938 than it had in 1937. Most important of all, the Border Government introduced into the North China situation a political challenge which the Japanese-sponsored régime could neither eliminate nor ignore; in fact, the struggle between these two governments largely determines the political, social, and military problems of both. It is essential, therefore, that any study purporting to deal with the Japanese-sponsored régime at Peking should base itself upon an analysis of what was in effect a struggle for government.

## CHAPTER IV

### THE STRUGGLE FOR GOVERNMENT—MILITARY

The Provisional and Border Governments faced similar problems: the extension of administration and military control and the consolidation of a political and social basis for government. Japanese rule in the occupied areas, that is, those strips of territory directly under military garrison, although depending ultimately upon the threat of coercion, had little to fear from the mass of peasants, small merchants, and laborers which made up the bulk of the population within its territory. This passivity can be explained largely in terms of lack of leadership. In the garrisoned cities shopkeepers shut their doors and barred their windows for a few days during the most disturbed period but soon reopened when ordered to do so. In spite of war conditions and economic dislocation, life appeared to go on normally. The small merchants of the cities are never politically aggressive, nor likely to lead a movement either for or against any régime. Most of the officials in the Post Office, the Maritime Customs, and the General Administration remained at their posts; hardly a man deserted from the police force; most of the school teachers, except for certain university professors who had reason to fear reprisals, waited for the schools to reopen. The peasants, as usual, stayed on their fields and the village headmen, local gentry, and even district magistrates failed to retreat with the Chinese armies. It was not that they welcomed the invader; they were merely unaccustomed to resisting by force the exchange of one tax collector for another. North China had suffered from the destructive aspects of modern commerce and industry, it had seen the undermining of village life through the disappearance of handicrafts, but it had not developed those complex social and economic patterns which form the warp and woof of nationalism. In some countries every village would have been a fort; here the village was a collection of impoverished and leaderless farmers, at least at the beginning of the war. That the peasantry of North China did not prove such an easy prob-

lem in government, and later emerged as the chief obstacle to the extension of Japanese-sponsored administration, was due to the development of a peasant nationalism on a scale broad enough to constitute a political revolution. The main contribution of the Japanese to this development of peasant nationalism lay in their conduct of the war, but the chief responsibility rests with the Chinese leadership which emerged in the hinterland. Most of the energy and finances of the Provisional Government were directed to the struggle with a rival Chinese government and its guerilla warfare.

This struggle had two aspects, the extension of military control and the consolidation of a social and political basis for government. Although the Japanese hardly expected to be popular, they did not anticipate active opposition. Certainly they did not expect the Border Government to turn the one really passive social group, the peasants, into an active spearhead of resistance. Actually, therefore, the Japanese were presented with a very complicated political problem. They had to find symbols which would appeal not only to those under direct military domination, but also to that part of the Chinese population living away from the immediate threat of force. The matter was all the more difficult of solution because in many ways the question was not so much of seizing power as of creating power; the Chinese had left no complex system of politics to be inherited, no modern concepts of political obligation to be used as raw material for the new order; there was nothing but the traditional sanctions of the family and the village. And now these were to be turned against the invader in a way that few could have anticipated.

### *The Pattern of Communications*

The setting in which these problems arose and the way in which they were met can best be described if the pattern of intellectual and physical communications of China in 1937 is clearly stated. For communications, properly understood, determine the possibility of effective centralized governmental control.

Problems arising out of North China communications fall into three groups. There are those communications connecting China with the outside world; these are involved in the problem of creating, in China, a news vacuum, and in the regulation of

all news sent abroad. Secondly, there are those communications, a modern railway and highway system, the most highly developed in China, which determined the main lines of conquest and are therefore within the actually controlled territory; these are connected with the problem of political pacification and of securing effective control for the conduct of the war. Thirdly, there are the communications connecting the big cities and the railways with the hinterland, and those of the hinterland itself; these present the greatest problem of all. It was to the solution of the problem of the hinterland communications that the Japanese army and the Provisional Government applied the greatest proportion of their energies.

Presented with the task of isolating the conquered territory from the rest of the world, the Japanese, within a few weeks of military occupation, turned the whole of North and Central China into a strictly controlled area in which it was almost impossible to publish or obtain reliable information, and from which it was equally difficult to send anything except pro-Japanese news to the rest of the world. Practically the whole of the Chinese system of tele-communications was either seized or destroyed. The Chinese press changed its character completely and such papers as remained in North China published only what they were told. Strict control of the Chinese Post Office and rigorous censorship of mails, especially outward bound mail, naturally followed. Telegrams and radiograms, including those of such news agencies as Reuters, came under censorship. There was, however, one serious leak in the system of control, that is, through the foreign legations in Peking and the foreign concessions in Tientsin. Foreign correspondents could, if they wished, send uncensored materials through their embassy radios; but as it is possible to trace such news back to its origin, even this opportunity has had to be used with discretion. The leak has been very important, however, in preventing North China from becoming as complete a news vacuum as Manchuria, although its effectiveness always depended upon the morale of the foreign correspondents, which the Japanese made every attempt to break down by occasional threats, tapping of telephones, and refusal to grant permission to visit many places. The bombing of newspaper offices in Shanghai was part of the same policy of preventing the free publication of news coming from abroad, or of Chinese news destined for foreign consump-



tion. On the other hand, it was not necessary to ban all printed matter from the mails as its arrival had been slowed down to such an extent by poor communications and censorship that the news value of periodical literature from other places almost disappeared.

Another aspect of the struggle to control the international traffic in news was the battle between the news agencies. Domei, the official Japanese news agency, embarked on a campaign to eliminate all other news agencies, especially Reuters. Formed by the amalgamation of Nippon Dempo and Rengo in 1937, just before the war, Domei enlarged its Japanese, Chinese and English news services and by 1938 had the most extensive network of correspondents in China. Through the courtesy of a certain American news agency, according to reliable information, Domei has even had a foreign correspondent in Yen-an, Shensi. (Yenan is the base of the old communist troops, now the Eighth Route Army.) Domei regularly employs many foreigners, mainly Americans, in its agencies; and the chief advisers to the press-liaison officer of the North China Expeditionary Force are American-educated Japanese. But the gap in the news control could not be closed so long as there were embassies and concessions and the world continued to know, to some extent, what was happening in North China.

The material basis for propaganda in the narrow strips of occupied territory, the railways and garrisoned cities, was comparatively well-developed. The press, including war newspapers, reached a considerable proportion of this population and could therefore be used as a weapon for propaganda. Control of the press was undertaken with such thoroughness that it is worthy of attention as one example of the way the Japanese went about their task. Secret press laws were issued in the autumn of 1937 to all editors and managers of news agencies, who were held responsible for keeping them secret. These laws indicated in great detail what might or might not be published. A Board of Press Censorship had responsibility for determining what news could be published, and acted as the final court of appeal. According to the press laws, news sent from broadcasting stations, telegrams from news agencies, and foreign newspapers taking a stand in favor of Nanking could not be published; Chinese Government soldiers were to be quoted as "Ning" or "Tang" soldiers (that is, soldiers of a party or clique rather than na-

tional troops), and Manchukuo and Chitung (East Hopei) were not to be called "puppet" states. Strict instructions were enforced to prevent release of military information; nothing was to be said about Japanese preparations, mobilization of military transport, or the quality and names of military airplanes. The adversities of Japanese soldiers could not be published, nor could anything be said of Chinese victories or bombing raids by Chinese airplanes. The Japanese Emperor, his family, national heroes, and heads of governments friendly to Japan were not to be written about disrespectfully. Financial disturbances could not be mentioned. It was expressly stated that nothing was to be said if Japanese soldiers living in certain places paid less rent than was paid before, if workmen received lower wages, if persons were dismissed or salaries reduced, or if there were danger of food shortages. Nothing unfavorable to Mohammedanism and Mohammedans was to see the light of day.

On the positive side it was strongly urged that efforts should be made to enlarge on the following suggestions:

That the Japanese soldiers fight for a very high ideal by punishing and destroying enemies of China, i.e., the Kuomintang and the Communists; the Japanese want to create peace in the Far East, but certainly do not wish to be hostile to the good Chinese people; they have come with patriotic motives because they are good friends of the Chinese people; they have left Japan for the heat and cold of China without their wives and children and undergo fatigue and all kinds of hardships, they march through a rain of bullets, they throw away their lives without hesitation. They do all this to make the Chinese people in future generations happier; the Japanese exert themselves for the sake of liberty and under no circumstances have they any other intention; the Chinese people, therefore, must cooperate with the Japanese army. When this sacred duty has been fulfilled by staunch efforts, then there will be peace in the Far East for a hundred years to come. If the above suggestions should not be obeyed and someone should refuse to act accordingly, then he will be punished most severely. For the clear understanding of all peoples it should be explained that Japan, Manchukuo, and China, representing the Yellow race, are becoming very good friends, and that conditions improve every day. Hence, let us lay good foundations for the Far East. If the Nanking soldiers are committing atrocities then the press should describe them in detail. It should be explained that Chiang Kai-shek's family and the Kuomintang have abused their power for their personal benefit, that they have not administered their offices for the welfare of the 400 million people and that Chiang wants to fight now because he has not taken care of his duties. The Kuomintang and the Nanking Government have "squeezed" too much and ruined the country and the people. It should be reported that the Nanking army will soon be annihilated; that the coastal blockade impoverishes China, that the Nanking

Government has cooperated with the communists and made friends with Soviet Russia, that the communists made trouble all over the world and that everyone despises them, but that Chiang has become good friends with them in order to turn the whole country to communism. It must be explained in detail that the conditions in Manchukuo improve and that the people are very happy.

An examination of the press in North China under the Provisional Government reveals a fairly close approximation on the part of editors and news agencies to the secret press laws here summarized. There were few Chinese papers of any standing or technical efficiency before the conflict and in any case those that were financially sound left for the south. But under Japanese control the Chinese press which remained was sufficient for the needs of the population, and the natural tendency for a foreign-dominated press to decline in circulation was checked by compelling all shopkeepers, even peddlers, to subscribe.

Like the press, education was concentrated in the cities and near the sea ports. At one blow, by seizing the north as far as Taiyuanfu and the Yangtze Valley as far as Hankow, Japan put out of action at least seventy-five per cent of China's universities. It is true that students and professors fled, but here at least Japan has the material basis for rebuilding higher education. Similarly with the middle schools, all the best were in the towns and on the railways and, as the students could not get away, they came under Japanese control, using new textbooks and learning the Japanese language. The film, which was already becoming a valuable instrument of propaganda in China, was almost entirely limited to the towns and has therefore fallen into Japanese hands.

There is a great contrast between the railway zones, and the hinterland in the material basis of communications. In the hinterland physical and intellectual communications can be summed up almost completely as walking and talking. Hence the importance of the theater but not of the press. In the first place, it must be remembered that the circulation of Chinese newspapers was very modest; the *Ta Kung Pao*, the *Manchester Guardian* of China, did not boast of more than 50,000 copies in Tientsin and 10,000 in Shanghai. Secondly, over 96% of the Chinese people live outside the big cities; yet among the rural population only one person in 800 or 1,000 receives a copy of a daily newspaper. The press is not, therefore, a sig-

nificant instrument of propaganda in the rural areas. The important condition which emerges from this is that the high proportion of illiteracy in the country as compared with the towns, coupled with the monopoly of outside news by the few, gives to the local gentry in the villages very great importance. They are an articulate link with the peasantry, a link which the Japanese made every effort to exploit. The film does not count in the countryside although the Provisional Government later tried to make use of traveling film shows. The theater is important and the Eighth Route Army is making good use of shows. But the theaters, the mails, and the radio, all of which are vital links in the chain of intellectual communications with the hinterland, cannot be effectively controlled from the big cities on the railways. To control Peking and Tientsin is not to control Hopei. The postal service, the theater, education, radio communications, and even some kind of a press can all continue in the hinterland without any connection at all with the narrow strips of Japanese-occupied territory. None of these things can become Japanese instruments of propaganda until these areas are under permanent garrisons. Nor do physical communications help. Hopei is a province of 153,682 sq. km. in area and has less than 4,000 miles of motor road, of which less than fifty miles are paved. It is this lack of communications which has forced the Japanese, in so far as they reply to guerilla attacks, to rely not on political measures, but on force.

The Provisional Government did not at first include, as one might have expected, a Ministry of Communications. The control and extension of communications was undertaken by several bodies: the Japanese army, the Hsin Min Hui (see page 70), the Hsuan Fu Pan (see page 32), the Board of Construction of the Provisional Government, and the Post Office. Railways were looked after by the North China Railway Bureau. Not until the Provisional Government was a year old did a Ministry of Communications come into existence. One reason for this, perhaps, was that there was very little money available for developing communications on a large scale. It took all the time and energy of the government to keep in repair the roads, railways, and telephone lines which had been damaged during the fighting and were constantly being destroyed by the guerillas. There was one exception to this, in that the war caused little interruption in the work of the Post Office. After two

years of occupation letters still went freely between the occupied and the unoccupied territories; in fact some mailmen carried letters to both Provisional and Border Governments. For the first year the old staff and the old organization continued to function under Japanese control, and when a new Directorate of Posts was set up in August, 1938, the Japanese continued to use the old stamps and plates for printing which had been seized at the time of the invasion. Nor were there dismissals of staff for any reason other than the usual ones. There was, however, a 20% cut in salaries and the addition of some twenty-six Japanese in the head office alone, mostly older men who had had long post office experience in Japan. These men, who were given higher salaries than they had received in Japan, could be relied upon to inform themselves of everything that went on in the Post Office and to deal with all the Japanese mail.

Even before the Provisional Government came into existence, Japanese censors were installed in the Post Office. This censorship was always a separate, and entirely a Japanese army, affair, for even the periodicals addressed to the Japanese Embassy library came under its watchful eye. In the early days things were so badly organized that the accumulated mails frequently could not be handled. In fact in the autumn of 1937 an advertisement appeared in the local press asking people, mainly foreigners, to come to the Post Office to sort out their mail, much of which had apparently got into such a state of confusion that the censors could not find the right envelopes for the right letters. Even up to the present time censorship continues to be erratic; books and periodicals on the blacklist occasionally come through and the most inoffensive letter is sometimes destroyed. On the whole, much stricter attention is paid to Chinese than to foreign mail, and, as always, the most effective part of the censorship has been to inspire a voluntary elimination of such printed matter as might be classified as "dangerous thoughts" by those who would ordinarily send or receive it.

Control over the Post Office, in spite of the fact that letters continue to pass between the occupied and unoccupied areas, prevents the passage of important military correspondence between Chinese on either side of the Japanese line. At the same time news of what was happening in North China got out through the leaks which could not be stopped so easily, e.g., the foreign concessions and embassies with their radios, military

and diplomatic mail facilities. Traveling foreigners could always carry materials with them without any serious danger of being searched. News going out of North China could be printed in the papers of the world, but Japanese control of the press in the occupied areas prevented free publication of world news coming into China. The *Peking and Tientsin Times*, the one newspaper which continued to print world news of a kind displeasing to the Japanese, was barred the use of the mails in September, 1938, thereby losing a fair proportion of its circulation. Chinese, therefore, who wished to maintain contact with the outside world, were compelled to depend upon oral information from foreigners, and underground workers in Chinese nationalist organizations in Peking were compelled to use secret radio stations, personal messengers, and other difficult and dangerous devices to keep in touch with their parent organizations.

The first task in relation to the railways of North China was one of control rather than of development. Immediate steps were taken to fortify the main lines; certain sections, such as that from Paotingfu to Tingsien, were studded with pillboxes, each capable of holding twenty men, about every third of a mile. Between the pillboxes trench systems were constructed and all railway stations had permanent garrisons. Some of the most elaborate fortifications arose between Shihchiachuang and Taiyuanfu. Garrisons and concrete pillboxes, however, are not enough to protect hundreds of miles of rail unless enormous numbers of men are to be immobilized. As it was, military experts calculated that, by the spring of 1938, two-thirds of the Japanese forces in China were engaged in protecting lines of communication. The Japanese, therefore, built up a system of railway protection which went by the name of Railway Loving Villages. Full particulars of the names of heads of villages and all residents were taken so that these villages could be held responsible for the protection of their particular section of the railway. Peasants took their turns in watching the lines during the night even within a few miles of Peking. A supplementary measure in the form of an order that high crops were not to be planted within 500 metres of railways and highways naturally followed. The railway bureau called periodic conferences of village heads to warn them about the need for strengthening railway protection, while Japanese station garrisons were pro-

vided with police dogs imported from Japan for the purpose of tracking down those who attacked the railway. Printed handbills were constantly distributed to an illiterate peasantry explaining the system of railway protection. Punishments were severe; any damage to the railway was considered the responsibility of the nearest village, which in extreme cases was burned to the ground. On the other hand, a measure of encouragement was meted out to the Railway Loving Villages by occasional "cheap sale" trains which were sent up the lines to distribute goods, gifts, and medical supplies.

Even after two years of occupation, passenger traffic never reached the 1937 level. For one thing, the rolling stock on most lines was sadly depleted and in very bad condition. Except for the stretch from Peking to Tientsin, few of the main lines carry more than two passenger trains per day. The passenger statistics for the North China Railway Bureau for September, 1938, are not very impressive:

Ching Shan.....	108,193 up	80,920 down	Peining to Shanhaikuan
Ching Han.....	130,343 "	122,404 "	P'ing Han
Ching Ku.....	9,359 "	8,298 "	Peking-Kup'eik'ou
Cheng T'ai.....	4,838 "	6,076 "	

but even at that, most of the passengers were Japanese soldiers, bureaucrats, merchants, and others. Few Chinese today are prosperous enough to travel in the second class coaches which are attached to passenger trains. To this day the railways are under military control and serve mainly military purposes, and there is very little commercial freight moving over the railroads of North China.

The problem of the railways is a function of the struggle for government. It is because of the existence and activities of the Border Government that the Japanese are being compelled to spend so much of their time and energy in the continual repair and maintenance, rather than construction, of railways. From the spring of 1938 onwards hardly a day passed without the destruction by guerilla units of some section of the North China railway system by the removal of telephone lines,<sup>1</sup> destruction

<sup>1</sup> Most of the Japanese energy has been consumed in taking over the existing lines and keeping them repaired after attacks by the guerillas. The Hopei Construction Commission plans to link up 22 *hsien* in East Hopei with long distance telephone communications at a cost of \$271,000, but the first task will be that of securing control over the 22 *hsien*. Plans for radio telephone service between Peking and Tokyo to start in 1939 were carried out.

of bridges, attacks on garrisons, derailling of trains. The repair bill, to say nothing of the loss of time and patience must have been enormous. At the same time a certain amount of construction had to be carried through for strategic reasons. The most important example is the Peking-Kupeikou line, open to traffic on April 1, 1938. In the same year a branch railway was built from Shihchiachuang to Chang Ch'un to the south, the Taoch'ing Railway (from Taochou to Ch'ing Hua Ch'en) was restored to running order, and there was a certain amount of small construction and reconstruction at Taiyuanfu (mainly to Paichiachuang and the arsenal). By December, 1938, it was reported that the entire length of the Tatung-Puchow Railway was opened to traffic. This statement has not been checked, but from various second-hand reports there is reason to believe that it is correct, though the trains are subject to interruption. Traffic on the line from Suchow to Pengpu was open again to military transport at the end of 1938, though through traffic from Tientsin to Pukow did not begin until April 1, 1939. Even by 1940 the railways had not been restored to half their normal traffic and communications were maintained at heavy cost in men and materials.

The Provisional Government made slightly more headway with roads than with railways. The immediate task was to improve already existing roads and to develop new construction around Peking and Tientsin for military purposes. Some poor but passable military roads were built in Shansi and alongside the main railways in Hopei, but most of the new construction came first in East Hopei, the most important strategic center in North China. Desperate efforts were made to macadamize the road from Tungchow to Shanhaikwan; by the summer of 1939 there were only 153 kilometers to be completed at the western end. In the same area roads of a sort were constructed between some of the *hsien* cities, again for military purposes. Most of this construction has been dirt road and the work has been done by conscripted Chinese farmers who rarely received any compensation for appropriated land. By the end of 1938 plans were announced for the construction of a network of highways connecting all the economic centers in North China. This called for the building of 10,000 kilometers of road. During 1939 the following lines were to be completed: Peking-Shihchiachuang-Taiyuanfu, last section finished, with Chochow as the terminus;



Peking-Paoting-Taiyuanfu, with Changhsintien as terminus; Peking-Tsinan, with Huangtsun as terminus; and lastly Peking-Kupeikow. It will be noted that most of these routes follow the railway lines and existing roads; their chief function is to serve as auxiliary defenses for the railroads. When the railway lines are cut in several places by guerilla units, motorized equipment may be rushed along the roads. Roadbuilding, therefore, like railway policy is still largely dictated by necessities of defense.

The difficulty of keeping communications open on the ground, among other things, led to development of air transport. The Border Government had no way of competing with the Provisional Government in the air, except for occasional cavalry raids on air fields and destruction of planes and hangars. The military immediately constructed airfields for their own use, employing forced labor, but civil transport followed rapidly on the heels of conquest. In 1938 the China Aviation Company (Chung hua) Ltd., was formed to take over the old Huitung Co., the capital of six million yen being a joint investment by the Provisional Government, the Reformed Government, the Mengchiang Government (the government of Inner Mongolia set up by the Kwantung Army, 1937), the Huitung Aviation Co., and the Japan Air Transport Co. Thus, civil aviation was established for airmail and passengers on the following routes: Peking-Shanghai, Shanghai-Hankow, Shanghai-Canton, Peking-Dairen, and Peking-Tatung. It is very difficult, indeed, for the ordinary foreigner to obtain a seat on these planes, which are used almost exclusively by the Japanese. Control of the air obviously gives the Provisional Government an advantage over its rival, but not a decisive advantage.

What the Provisional Government attempted to construct, it was the main task of the Border Government to destroy. The major object of guerilla activities was to block and destroy the roads, railways, and telephone lines under Japanese control. During the last stages of the battle for Hsuechow, extensive raids were made upon the Peking-Hankow line in an unsuccessful effort to prevent transfer of Japanese troops from Shansi to Shantung. But the main object is not so much to assist the major strategy of the national armies by well-timed and spectacular attacks as to force the Japanese to maintain large garrisons along the railways by presenting them with the constant threat of small daily depredations. Such a policy, it is claimed, will do

most to lower Japanese morale and consume Japanese men and materials. (For statistics drawn up by guerillas see Appendix.) The Border Government, furthermore, took immediate steps to make all roads leading from the railways to the hinterland impassable by digging tank traps and destroying bridges.

The nature of the struggle clearly imposed limitations on the type of communications which could be developed in the hinterland. Because of the danger that good roads might be used by the Japanese, there could be no improvement or even upkeep of roads, however far from the railway. Impenetrability became, for the Border Government, the first law of statecraft. On the other hand, administration and military operations demanded a certain minimum of communications and this was provided by a single line telephone system between the main cities and market towns and an extensive radio network. The gasoline used in motor-driven generators providing power for radio transmission was purchased from Japanese traders in towns under the control of the Provisional Government. Apart from radio and telephone, which were for the use only of the army and the government, the major problems of politics, administration, military organization, and education remained to be solved within the old pattern of communications, walking and talking.

This does not mean, however, that the struggle for government reduces itself to a struggle between the ancient and the modern,\* for the Border Government must be looked upon as the military and political outpost of the National Government of China, of which it is an organic part. If it were merely a matter of the old China, as such, resisting the Japanese, there would have been nothing more complicated for the invader to resist than spontaneous local peasant rebellions. The principle of organization, the political zeal and experience, the methods of propaganda, and the political and social objectives of the Border Government represent not so much the spontaneous reactions of embattled farmers to oppression as the application to simple conditions of a sophisticated political philosophy born out of modern and complex developments. In spite of simple conditions the most aggressive aspects of contemporary Chinese political thought and action are to be found here in the Border Government, because it was in this grid of foreign occupation that the pressure was the greatest and the willingness to change

most urgent and apparent. Political and social changes arising out of the war took place more rapidly here on the periphery, therefore, than in the heart of free China. On the plains of North China and to the peasants of Hopei and Shansi were applied the lessons which the Communists, now the Eighth Route Army, had learned in the hills of Kiangsi before the Long March and in the last years of struggle with the Kuomintang in Szechwan and the Northwest. The leaders in the armies and administration of the Border Government were many of them the men who broke with Chiang Kai-shek in 1927 and resisted the forces of the Central Government in Kiangsi Province until 1934 with little more to base their power on than the goodwill of the peasantry and the appeal of their cause. On the Long March from Kiangsi to Szechwan large numbers were lost, but those who remained continued resistance until the Sian crisis of December, 1936, when a truce was arranged with the Kuomintang and the Communists subordinated their ideal of a social revolution to what they called the "national revolution," in other words, united resistance to Japan. These Communist leaders had lived and fought for nearly a decade with unlettered peasants, whose needs and temper and untapped possibilities they knew better than anyone else. They knew and they hated the old China; they saw in this situation an opportunity to build their own ideal of a new China by making use of the pressure of conquest as a lever for effecting internal change.

*Frontiers within Frontiers—Japanese Army vs. Guerillas*

The Provisional and Border Governments fought on two fronts, the military front for extension of military control, the political front for the intensification of political and social control over their subjects. It goes without saying that the jurisdiction and military control of the Provisional Government has not extended, as a rule, very far beyond the areas definitely under military occupation. In the beginning this did not mean that the rest of the country was under rival Chinese civil administration. But the breathing space of practically a whole year, with the exception of the attack on Fuping in March, 1938, gave to the Chinese an opportunity for reorganization which they employed to the full. From the point of view of the Provisional Government this was a fatal mistake. If troops had been moved into the main *hsien* cities of Hopei and Shansi during

the winter of 1937-38, there would have been comparatively little organized opposition and the Border Government would never have had a peaceful opportunity to develop a political and economic base for its rule. It cannot be overemphasized that the Chinese, themselves, in setting up a new administration for which public support was an essential condition, began the race with little more advantage than the fact that they were Chinese rather than Japanese. But unlike the Japanese, they did not underestimate the political capacity of the peasant. In the months from January to October, 1938, the Border Government with its small group of eager enthusiasts was able to impregnate the villages of North China with a political outlook and an attitude toward government which proved firm enough, thereafter, to sustain the heaviest attacks. This was an achievement remarkable both for its speed and its intensity, and one which, in the light of past history, no one can blame the Japanese for failing to anticipate.

The general picture for the first year of the Provisional Government, therefore, is one of Japanese garrisons in all important cities along the railways and at all bridges, small stations, and even road crossings. Garrisons, which varied all the way from twenty to two thousand men, were occasionally placed in cities at some distance from the railways, but these were not always permanent. Certain market towns were taken two or three times only to be evacuated because it was too difficult to keep up supplies of food and ammunition, owing to guerilla activities. Other places, however, within a day's distance from the railways have been subjected to short raids. One of the first results of such conditions was the emergence of groups of bandits which infested the countryside between the railways and those areas which were gradually being included under Chinese civil and military control. These bandits must be considered, on the whole, as an extension of Japanese rather than Chinese political influence, for they are more often than not in the pay of the invaders. Generally speaking, then, even up to the end of 1938 it was still true that the map of North China, showing Japanese-controlled areas as strips of territory about ten miles wide on either side of the railways, the Chin-Pu, the Peining, the P'ing-sui, the P'ing-han (not including Chengchow), the Cheng-tai, T'ung-p'u, and most of the smaller branches, would give a fairly accurate picture. The modifications which must be made

at any given time are only temporary and can best be shown by a discussion of the anti-guerilla campaigns.

The Peking area has always been one of the best controlled from the Japanese point of view. Yet in early January of 1939 Mr. Poletti, Postal Commissioner, was captured on his way to the Ming Tombs at a point probably no more than ten miles from the railway. What is more, the case was referred to Chungking by the local guerillas who were ordered to give up Mr. Poletti. He returned with the ransom money which had been sent out to effect his release. This is only one illustration of the fact that the writ of the Chungking Government, in some matters, reaches to within a few miles of Peking. It is still unsafe to travel or trade in most of Eastern Hopei, the district longest under Japanese influence and weakest in guerilla activity. Chinese troops derailed a train near Langfang, halfway between Peking and Tientsin, early in January of 1939. During a recent journey from Taiyuanfu to Peking there were thirty delays due to attacks on the railways. (However, the coal mines near Taiyuanfu and some of the P'ing Ting mines are now worked.) At Tatung it is possible to visit the Caves, but military control extends barely beyond the city walls. At Paotingfu, where there is often a Japanese garrison of two thousand men, the Chinese troops can come close enough at night to shoot trench mortar shells into the city and in the daytime have sentries less than forty *li* (about twelve miles) from the gates. On the other hand, most of the important motor roads of Eastern Hopei are kept open, and the railway to Kupeikow operates continuously. Vital communications are well protected, and the guerillas have never been able to prevent important movements of troops from one part of the country to another, though there have been serious interruptions, especially on the P'ing-Han line. Less vital communications are safe only for armed forces. The Peking-Tientsin Highway is about the only one that has been open for commercial traffic for long periods, although the Japanese military claim that passenger busses run on the highways flanking the P'ing-Sui line. This is probably true because guerilla activity is not very highly developed in those areas. Generally speaking, the majority of communications are open only for military use, except the railways, which carry passengers and some merchandise. On a line as important as the P'ing-Han, however, there

are no more than two passenger trains per day, and even these are occupied mainly by Japanese military and bureaucrats.

The Japanese military explained the situation by saying that the war must be considered in two phases. The first phase consisted in driving ahead to big objectives, Paotingfu, Tsinan, Hsuehchow, Shihchiachuang, Taiyuanfu, Kalgan, and other big towns. There was no time to stop and clear up remnants, but now that organized opposition has been swept away, they are ready to enter on the second phase of the war, the pacification of the hinterland. It was claimed that by the beginning of April, 1939, there would be no more "banditry" in North China. The basis for this claim apparently was the supposition that the guerillas are nothing more than bandits, that the farmers are not politically conscious and are anxious only for peace—in other words, that the situation was similar to that which prevailed in Manchuria. There was also the hope that the new government and the army under Wu Pei-fu would assist in the work of clearing up banditry. Finally, according to Japanese propaganda at least, there was the hope that even if the guerillas were organized, they were divided in leadership. While it is important that this problem should be disposed of, an examination of the results of past anti-guerilla drives and of present guerilla organization does not support the view of Colonel Hiraoka (Spokesman for the Japanese Army in North China) that April, 1939, would see the last of the "bandits."<sup>2</sup>

It is interesting that the limited extent of the Japanese military occupation was not admitted in the press until the summer of 1938. There were probably many reasons why the press was suddenly allowed to take up the question of "banditry" in North China. For one thing 60,000 men were brought in for this purpose at a time when the Yangtze campaign was at its height, an indication of the seriousness of the situation. For another, it

<sup>2</sup> By April, 1939, about 80 out of 120 *hsien* cities in Hopei were occupied by garrisons. Guerillas, when interviewed, were apparently in very high spirits. They claimed that the Japanese would not have enough men to hold these cities when the rains came and that they—the guerillas—would be able to dispose of the garrisons at their leisure. It is quite true that the Japanese occupy nothing but the towns themselves, that they cannot set up local government or extend their currency. Latest information, December, 1939, is to the effect that the Japanese have withdrawn or lost garrisons in many of the cities. At the same time it would appear that the situation is becoming serious for the guerillas. Administration is difficult. Prices are rising, grain and ammunition are short and there are some reports of disaffection among the people who are disappointed in the guerillas. It is too early yet to say what the final result will be.

would have been as impossible to conceal the troop movements connected with the campaign as to hide the growing number of attacks on the railway and the flight of rich refugees from East Hopei to the Peking and Tientsin areas. There was no longer anything to be gained from the attempt to conceal facts which were known not only to the world but also to the population living within the occupied areas. On August 21, 1938, the "Guerilla Hunt" in East Hopei began.

Some indication of the immediate antecedents of the drive may be gathered from a report by a Japanese news agency on August 6, 1938, to the effect that Jehol province had been cleared of Chinese "communist-bandits" as a result of more than forty clashes with them. The same report announced that these "Reds" came from Shansi and "were not brigands in the ordinary sense." This confirms the statements made to the writer in Shansi, in July, 1938, by the military headquarters of the Border Government, that several thousand men had been sent to East Hopei along the Great Wall sometime in the spring. Within a week of the attacks reported in Jehol, rails were torn up and stations burned along the Peining line. On August 28, Japanese Army Headquarters in Peking stated that "in nearly all the *hsien* towns of East Hopei we have exerted our influence. All but two . . . are in Japanese hands, but even in some of these guerillas are entrenched. So the hunting must go on. The guerillas are not so much bothering us as we are bothering the guerillas." The guerillas were undoubtedly driven out of East Hopei, except for a small area along the Great Wall (this by their own admission), but the price has been a considerable increase in garrison forces and a barbarous treatment of the people, especially in Chihsien where resistance has always been well organized. The Peking-Tientsin motor road, which had been cut early in the summer, was reopened to traffic again at the end of the year.

The recovery of control over East Hopei was imperative. It is vital for communications with Manchuria; it is a food supplying district and a market for Japanese goods, and as such it is the most important strategic area the Japanese have in the North. Its recovery was due partly to the weight of men and materials poured into the campaign, partly to the poor organization of the guerilla forces, not so much on the military as on the political side. There had not been time for effective political training in

an area which, because it had been under *de facto* Japanese control since the Tangku Truce of 1933, and more especially since 1935, was full of unreliable elements and was politically backward. For three years it had not even had Kuomintang organization.

The first objective of the drive involved a second, an attack on the military headquarters and economic base of the Border Government, which had sent guerilla units to East Hopei. The attack on Wu-tai mountain came from three directions: from Taiyuanfu, a point along the Chengtai railway near to Shih-chia-chuang, and Tingsien. At least fifteen thousand men, probably more, were employed, and by October 22 the mountain fell into Japanese hands. According to them the campaign in Shansi was brought to a successful conclusion, and by October 30 a group of priests and lamas from the Wutaishan temples were brought to Peking "to thank the Japanese for the restoration of peace and order." The party soon afterwards left for Mongolia to "speak to Buddhist followers on the renaissance of Buddhism under the protection of the Japanese army." The nature of the campaign may be judged from a report by Lieutenant-Colonel Hiraoka, who said that when operating against the Eighth Route Army in northern Shansi, Japanese forces entered a certain town "only to find that everyone had evacuated except twenty Chinese who were living within the Swedish Mission Compound there. The walls of the town had been destroyed by the Communists before their evacuation, and it was reported that they intended to stage a night attack on the town the day the Japanese entered." He claimed that 80% of the buildings in the town were destroyed and that the peasants who returned begged the Japanese not to put up propaganda because the Communists, on their return, would persecute them for allowing it. In broad outline this account is undoubtedly true. A foreigner living in another part of Shansi, who remained in his village when the Japanese passed through, confirmed these reports, which tally with those of the guerillas themselves. The Eighth Route Army deliberately removed everything; population, food, fuel, and even the doors of the houses in the villages through which the Japanese passed. The guerillas claim that the Japanese had 7,000 casualties and that the capture of one supply column alone brought in 2,000,000 rounds of ammunition, and 1,200 mules which had been commandeered from the peasants.



From the guerilla point of view such expeditions are to be encouraged for they achieve nothing and waste the enemy's forces and morale.

The results of the campaign, judged by its objects, are not very impressive. A garrison has remained in Wu-tai *hsien* and in two or three of the smaller towns west of the P'ing-Han line, but the mountain itself had to be evacuated and the Border Government is back there once more. The guerillas suffered some inconveniences, lost a few hundred men, some grain supplies and a few towns; they probably gained in morale. The Tokyo report of November 2, that 50,000 Communist troops were wiped out at Wu-tai and that the only remaining Chinese base of operations for disturbing peace and order in North China was the French Concession in Tientsin, seems a little optimistic, not only in view of the Eighth Route Army reports but also of later Japanese press reports. On November 20 the Peking spokesman reported eight engagements in Hopei alone. One of these was near Paoti in East Hopei, where a victory had been reported on October 19; another was northeast of Tientsin where Communists were reportedly routed on August 18. Other engagements were admitted in Shantung, Suiyuan, and Honan. In November pressure began to be put on Central Hopei, and Nankung was captured on the 17th, but Lu Chung-ling and his forces had already retreated. At the same time the Japanese reported engagements in Shansi, Honan, Shantung, Hopei, and Chahar. According to a *Domei* despatch, the Japanese, during August, September, and October, fought 1068 battles with guerillas along the P'ing-Han, the Chengtai, and T'ung-p'u railways. This figure is probably more accurate than the one that the Chinese lost 31,000 men in these battles. On December 2 a Tokyo report said: "A large scale clean-up campaign has been started by Japanese forces against remnant Chinese troops, guerillas, and bandits in North China, according to the Peking message." This hardly agrees with the statement of November 2, but it makes more plausible the admission of 28 engagements in Central Hopei on December 11 and the Chinese claims, of the same date, that constant attacks on the T'ung-p'u Railway prevented a Japanese invasion of the Northwest. The summary of the situation by the Japanese military at Tientsin on December 13 is fairly reasonable:

Although considerable progress has been made in Hopei, Shantung, and Shansi provinces . . . it was clearly shown that large areas of the three provinces are still infested. The spokesman was unable to say, even approximately, the number of guerillas active in North China, but he declared that they lacked arms and ammunition . . . the coming winter months would take considerable toll in their ranks. The spokesman revealed that an area about thirty miles deep on each side of the railway between Tientsin and Peking had been completely cleared. The situation along the Tientsin-Pukow railways between Tehchow and Tsinan was similar, no guerillas infesting the area within thirty miles of the railway on either side. Between Tientsin and Tehchow, however, there were a few guerillas active, but not in sufficient numbers to cause any serious inconvenience to the line of communication. The western section of the Kiaotsi railway (between Tsinan and Kaomi) was clear, but beyond Kaomi, in the direction of Tsingtao, the operations had not yet been completed. The Peking-Hankow railway, as far as Shihchiachuang, was fairly clear, but off the line, to the immediate east of Shihchiachuang, there were considerable numbers of guerillas. The interior of South Hopei was still in the hands of the Chinese. Guerillas were also active on the southern section of the Tatung-Puchow railway in Shansi. (*Peking and Tientsin Times*, December 13, 1938.)

This might well be compared with the Chinese Government's estimate of the situation on the 10th of December, only three days earlier:

The Japanese have so far occupied 119 out of 837 districts in 11 provinces, according to Chinese accounts. The provinces in which occupation has been most extensive are Shantung with 32 out of 109, and Shansi with 31 out of 105 districts in the hands of the Japanese. In Hopei, the Japanese are now in possession of 13 out of 132 districts, but all other provinces show less than ten districts under complete Japanese military control. (*Transocean*, Shanghai, December 10, 1938.)

It is worthwhile pointing out, perhaps, that the anti-guerilla drive receives even more publicity in the Japanese-controlled Chinese press, e.g., the *Hsin Min Pao* and *Ch'en Pao*, than in the *Peking Chronicle* or the *Peking and Tientsin Times*. Every day there are long accounts of fighting with what are sometimes called Kuomintang troops, sometimes guerillas and sometimes Kuomintang-guerillas. There is admission that the railways in Shansi are cut, that the White Russian regiments<sup>a</sup> used to protect the workers on military roads are attacked, that the "enemy" takes the initiative. Every report closes with a Japanese victory,

<sup>a</sup> There is no way of checking how many White Russian troops were employed. The term "regiments" is used in Japanese reports. White Russian troops are seen in Peking and along the railways but one does not have the impression that there are more than a few hundreds.

but as this sort of reporting has been going on since the summer, the Chinese living in the occupied areas must know, at least, that there is plenty of organized opposition to the Japanese in every province in North China. The statement in the Chinese press on January 1, 1939, must be as encouraging to the Chinese as it is, presumably, to the Japanese: "By our efforts in our relentless clean-up campaign the Japanese forces in Shansi, from the 1st to the 20th of December, fought 361 battles engaging a total of 70,000 guerillas. About 7,800 guerillas were killed."

It is interesting that not until December 13, 1938, did the Japanese claim to have cleared a thirty mile belt on either side of their most important railway, the line from Tientsin to Peking, and that in January, 1939, this very line was cut near Langfang and a whole train-load of cotton burned up. Considering that the attack came about 7:00 P.M., the guerillas, although mounted, must have been well within the thirty mile band before sunset. There are few frontiers in this type of fighting; any attempt, therefore, to define the areas controlled by each side is to some extent misleading. The territory controlled by the Japanese in daylight contracts at night; the gains which are made in the winter must be given up in the summer when swollen rivers and muddy roads make communications difficult.

Such conditions have naturally involved some changes in the distribution of population in North China. In general it must be admitted that, because the scorched earth policy was not applied in North China and because the occupation came so rapidly, there was not so vast a movement of population in the north as there was in the south. Some thousands of people fled from the cities when fighting was in progress, but they tended to drift back when the wave of conquest had moved on. Economic distress consequent upon war, and particularly upon that accompaniment of war, banditry, brought some thousands of people into Tientsin, but many of the refugees to the big cities were not the poor but the rich, and the excessive population which accumulated in the Tientsin concessions was composed mainly of well-to-do families which had fled from Chinese guerilla units in East Hopei or from the Japanese police for political reasons. Banking families, for example, which wished to have nothing to do with the new régime, took refuge in the Concessions. Many were afraid of being victimized; others, that

their banking accounts would be raided if they stayed in Japanese-controlled territory. Nevertheless, Salvation Army estimates put the number of refugees in the Tientsin area at 25,000 in the winter of 1938. Of these about half could find some means of subsistence, but there were at least 10,000 completely destitute. There were no camps for refugees, but large blocks of houses were rented for their accommodation. The chief reason why these refugees did not flow back into the countryside was the very extensive flood south of Tientsin in the summer of 1938. In 1939 even more extensive floods intensified the refugee problem. Another reason for the continuation of the refugee problem was the disturbed condition in the Paotingfu-Tientsin-Peking triangle where the Border Government does not have complete control and the disturbed conditions in East Hopei where the Japanese are still in process of consolidation. In general the Chinese population of the cities of North China is somewhat less than it was before the war began, but the Japanese population has increased enormously.

The military picture is so closely related to the system of communications, and the system of communications so bound up with government, that it is difficult to disentangle them from each other. A situation similar to this could not arise in many countries, in fact it could not have arisen in China if Japan had permitted the processes of economic development in the northern provinces to continue under Chinese direction. The economic network, in the sense of the interdependence of railways and hinterland, was becoming more and more complex at the time the conflict began. Given another decade of progress, the growth of communications would probably have been extensive enough to make guerilla warfare impossible. The forces occupying the railways and roads would have controlled the rest of the country automatically. As it was, the specific development of communications was such as to form a trap for the invading forces. Conquering armies poured along the railway lines only to find that conquest had not ended; it had just begun. Within two years of the incident at Lukouchiao there had arisen in the Northern provinces a state within a state; time had brought an increase rather than a decrease in the difficulties and complexities of conquest.

## CHAPTER V

### THE STRUGGLE FOR GOVERNMENT—POLITICAL

#### *The Provisional Government*

In the political struggle between the Provisional Government and the Border Government, the former had the advantage of better communications and a smaller population; the latter, the advantage of leading a nationalist movement among its own people. From the point of view of government-subject relationships the two systems were diametrically opposed, but their tasks were essentially similar: to intensify political control, to consolidate the social basis for that control, and to educate their present and future subjects. The manner in which these tasks were undertaken cannot be properly understood unless it is remembered that both governments had to lay the foundations, build the house, and live in it all at the same time.

#### *1. Provincial Administration*

The most immediate task undertaken after the creation of the Provisional Government was that of extending the framework of provincial administration. In January, 1938, Peking and Tientsin were put under special municipal councils and, to give the Japanese credit, there followed certain changes in the accounting system and a consolidation of the existing multiplicity of taxes. It was claimed that the revenue of Peking for 1938 amounted to \$6,800,000, almost one million dollars more than the highest amount collected during the last ten years, and this without any additional taxation. In both cities law and order were maintained, the police system reformed. The first act of the Provincial Council of Hopei, established January, 1938, in Tientsin, was to exempt the people from the payment of land tax to the amount of \$1,600,000 which, it was claimed, had not been paid off in the decade from 1927-37. This was probably done because collection was in any case impossible, for at the same time the revenue of the Provincial Council amounted to \$3,000,000 less than its expenditure of \$6,500,000, and the Pro-

visional Government had to meet the deficit. The low revenue returns can presumably be accounted for by the smallness of the territory controlled by the new Council. The Provincial Council for Shantung, appointed in March, 1938, immediately proceeded to delegate magistrates to half of the *hsien* in the province, a fairly generous estimate of the number of *hsien* under control. The same gesture was made of remitting land taxes, and again the Provisional Government was compelled to supplement a hopelessly inadequate revenue. One month later, in April, 1938, a similar Council was set up for Honan province, a province which had suffered much more than Shantung or Hopei, both from war and from floods. When the Council took office in Chang-teh, the southern part of the province had not been brought under control. In fact conditions at that time were so chaotic in Honan that the establishment of a provincial council at all must be interpreted as a move to anticipate possible territorial ambitions of the Reformed Government of Nanking. The province of Shansi got its Council in June, 1938, and again the peasants were exempted from the payment of arrears in land taxes. In fact, conditions were so bad that no attempt was made to collect taxes for the remainder of the year. Such was the framework of local government; the fact that the chief item in the expenditure of the Provisional Government during 1938 was the subsidizing of provincial councils is eloquent testimony to the limitations of political control.

The framework having been established, it was necessary to breathe new life into the structure. The more tenuous the web of government, the more urgent the need for propaganda to hide from the people the nakedness of the new administration. Like the king who wore invisible clothes, the Provisional Government went in dread of those who, like the little boy, would see through the invisibility. If there had been no Border Government, such protestations would have been unnecessary, but the struggle with this rival for the affections of the population of North China compelled the erection of some kind of political platform to justify the new conditions.

## 2. *Propaganda*

• This platform took definite shape during 1938. It included three main ideas: the claim that Japan had undertaken this war in order to eradicate the evils of Kuomintang rule, that Japan

had embarked upon a holy war against Communism and all its works, and that Eastern Asia formed a unity of race and civilization which should logically be expressed in an economic bloc of Japan, Manchukuo, and China. The earlier statements of the autumn of 1937 were forgotten as easily as they were removed from the walls of Peking. These earlier proclamations included the anti-Communist motif and harped upon the evils of the Kuomintang, while not demanding its complete eradication. But the theme song in 1937 was "North China for the North Chinese." Gaudily colored pictures of sturdy northern peasants dominated posters designed to portray in somewhat mystical imagery the blessings of the new order. All these posters and proclamations disappeared overnight when the Provisional Government of China came into existence in December, 1937. From now on, the Kuomintang was not to be chastised, but demolished, and the former Nanking Government deepened from political pink to deepest red, while the erstwhile ruler of China, Chiang Kai-shek, was denounced as the running dog of imperialist powers. This view of Chiang Kai-shek coincided exactly with that expressed by the Chinese Communists up till the Sian crisis of December, 1936. The wheel had gone full cycle.

The attack upon the Kuomintang and the Communists became inextricably mixed up. Wang Keh-min, Chairman of the Executive Committee of the Provisional Government, pointed out that:

Communism is not only a bitter foe of China but the common enemy of the world. While the world tendency is anti-Communist, the admission of Communists into China by the Kuomintang is no less dangerous than letting a wolf into the house.

The people should not keep silent in regard to the heavy loss the nation must suffer because of the wrongdoing of the Kuomintang which in order to keep its power and stand against Japan, has again shaken hands with the Communists. The people have no reason to perish with the Chiang Kai-shek régime. We must build up the correct public opinion and hold out the olive branch in order to rejuvenate the nation, preserve our traditional spiritual civilization, and construct the new order in East Asia.<sup>1</sup>

Mr. Wang's colleague, T'ang Erh-ho, Chairman of the Legislative Committee, pointed out that since the beginning of the present war the Kuomintang and the Communists had again

<sup>1</sup> Speech by Wang Keh-min, printed in *Provisional Government Year Book*, January, 1939, translated from the Chinese.

united and laid down a "scorched earth" policy, which accounted for the heavy destruction and the suffering of the people: "We must strive to crush and annihilate the Kuomintang and the Communists in collaboration with Japan, who has again and again declared that she is not hostile to the Chinese people."<sup>2</sup>

A more complete statement of the case against the National Government and Communism can be taken from a very typical article in a Japanese-sponsored periodical, *The People's Forum*, in one of its issues for 1938:

It cannot be denied that the National Army of the Kuomintang régime is defeated or crushed, and that a general collapse of the National Government will sooner or later result. This downfall of the Kuomintang authority is largely due to its formal admission of Communists immediately after the Sian *Coup d'état* in 1936. This reunion of the Kuomintang and the Communists aroused the general indignation of the people and, in its later evolution, led to the present war. The Kuomintang régime still boasts of its "scorched earth" policy without being conscious of the dreadful fact that scores of cities were destroyed and millions of people have died or suffered under the banner of long resistance. Some causes of its failure may be listed as follows:

- (1) China is an agricultural and highly civilized nation. It is also a world market and a source of abundant raw materials. It should take its proper position in East Asia to secure its freedom and triumph. But the Kuomintang neglects this historical background and interests itself in the problems of factory workingmen and the introduction of Communism. This is fundamentally wrong so far as national traits are concerned.
- (2) It is impossible that two different political principles will function in harmony in the same country and at the same time. The political principle to which China sticks must aim at the freedom and existence of the nation but by no means the introduction of Communism.
- (3) The China of today is the place where Communist Russia meets the capitalist powers. Each side profits politically or economically, but China gets nothing.
- (4) The cruelty of the Communists is deeply rooted in the hearts of the people. The reunion of the Kuomintang and the Communists encounters great opposition from the people.
- (5) The corruption and selfishness of the Kuomintang officials has long been despised by the people who now rise and strike a death blow at the National Government.

For the benefit of Chinese readers, Soviet Russia is constantly described as being in a state of crisis. It is urged that the

<sup>2</sup> *Ibid.*



U.S.S.R., the only Communist nation in the world, encounters not only the opposition of the Rome-Berlin-Tokyo axis, but also of the great capitalist nations of Great Britain, France, and the United States. The U.S.S.R., afraid that the foreign experts she employs may some day discover her national secrets and expose her to foreign attack, has therefore cast out, arrested, or assassinated these experts. The dictatorial policy of the Soviet Government has aroused such great opposition among the people that they will one day overthrow it. Such information and analysis, however, was only secondary to the main purpose of linking up Communism and the Kuomintang. One of the most vivid posters in North China portrayed Chiang Kai-shek standing in the far western provinces amid burning cities and falling bombs, holding bags of gold, apparently given him by the huge red devil of Communism, which towers behind and whispers in his ear. The effectiveness of such propaganda would obviously depend upon the Chinese preferring the Japanese to a Communist Chinese government. Such propaganda would not reach the masses, and if it did, they would not understand it. That it had such little success among any groups can be explained partly by the fact that the accusation grossly misrepresented the political philosophy of the Kuomintang and, indeed, of the Communists, partly by the fact that it did not follow, even if the accusation were true, that the Chinese would prefer the Japanese to their own form of Communism.

The third important plank in Japanese propaganda, the view that Eastern Asia formed a unity of race and civilization which should logically be expressed in an economic bloc of Japan, Manchukuo, and China, reveals one of the two opposing tendencies in Japanese development which became apparent after the Russo-Japanese war of 1905. Japan, since that time, has been torn between the temptation to extend her imperial ambitions as a continental power and the conflicting temptation to lead Asiatic peoples in an anti-imperialist movement against the Western Powers. Japan has obviously been unwilling to give up her empire; she has also been unable to resist the temptation to take advantage of the anti-imperialist sentiments of a semi-colonial people such as the Chinese as a weapon in her own struggle against the Western Powers. This contradiction in policy is fully revealed in the North China propaganda. Furthermore, the argument that Japan is the natural leader of a Pan-Asian movement is usually coupled with the assertion that

only by the triumph of this movement can peace in Eastern Asia be assured. This concept of peace, which might be expected to appeal to a peace-loving people such as the Chinese, constantly recurs as the sugar coating of the Pan-Asian pill.

One of the most ambitious summaries of this section of Japanese propaganda is quoted in the following translation of an article entitled "Union of the Peoples in East Asia," which appeared in the *New People's Weekly*, an organ of the Hsin Min Hui:

I think that the people have become familiar with the slogan, "Union of the People in East Asia," and I hope that they will not doubt its truth if they make an inquiry into the Far Eastern situation and the tendency of the world at large. The world has reached that stage of economic development in which territorial boundaries are no longer limits to the activities of the people of a nation. In other words, if we are going to form an economic bloc in East Asia to protect our interests, the peoples in East Asia must unite and strive in the same direction.

Historically, the peoples in East Asia have long been united in political and economic fields; and despite the lapse of hundreds of years, this relation still exists. In the sixteenth and seventeenth centuries East Asia began to be exploited by the European powers. This exploitation was increased in the eighteenth and nineteenth centuries, and in the twentieth century Communists gradually spread into East Asia with the purpose of destroying the civilization of the East. From these historical facts we can see that the peoples in East Asia have the same destiny and must unite to expel the inroads of both the Communists and the capitalistic powers of the Western world.

Geographically, the nearness between the various nations in East Asia is the most important factor in their union. The resemblance in the political, economic, and cultural fields between Japan and China is also apparent geographically. Now, we must form an economic bloc in East Asia to fight for our existence against the Western invaders. To do this the peoples in East Asia must unite and stand at the same front.

Culturally, the peoples in East Asia must unite to preserve the traditional civilization which is now threatened by Communism. The Cultural Agreement between Japan, Germany, and Italy, contracted following the Anti-Comintern Pact between the three nations, aims at crushing the Communist theory which is based on very absurd principles. The peoples of East Asia should also unite and follow the suit of the three anti-Communist countries. Furthermore, the center of world civilization is dynamic. At first, the Mediterranean type as represented by Greece and Rome, dominated the world. Then the center moved westward and resulted in the Atlantic type as represented by Great Britain and the United States. This type, the Atlantic, is now on the point of declining, and the center of world civilization moves this time still westward and will finally result in the Pacific type which will be, of course, represented by China and Japan. For the sake of glorifying the world civilization the peoples of East Asia should unite together.

Racially, the peoples in East Asia are of the same stock. They are the yellow race, and the Chinese and Japanese especially are purely the descendants of the Mongolian race. But in modern history the yellow race is just the slave of the white. We must strive in collaboration with Japan to smash and repel the influence of Russian Communism and European Liberalism in order to emancipate the yellow race. We will not allow differently colored peoples to interfere in our affairs.

Very significant in this document is the reference to the necessity of eliminating not only Russian Communism, but also European Liberalism, if the yellow race is to be emancipated. In European Liberalism the Japanese apparently included the Americanization of Chinese education, the adoption by China of European and American forms of government and law, the spread of Christianity, the movements in favor of Western divorce laws, labor legislation, emancipation of women, and civil liberties. European Liberalism, in other words, represented a challenge to Japanese social and political life and institutions even more dangerous than that of Communism; hence, the New Order for Eastern Asia, which was to insure permanent stability in that section of the world, involved a "tripartite relationship of mutual aid and coordination between Japan, Manchukuo and China in political, economic, cultural, and other fields." There are many Japanese, especially in the army, who would sincerely subscribe to a statement which appeared in the *People's Forum*: "China and Japan have long been united in the civilization which is going to decline and perish owing to the fact, that the people in East Asia blindly follow the material civilization of the Western world, characterized by Capitalism and Communism, and despise their own which is anti-Capitalistic and anti-Communitic. The renascence of eastern civilization again demands a new order and hence peace in East Asia." In other words, Japanese propaganda conceals nothing; it aims to capitalize on Chinese love of peace, in terms of China's anti-imperialist sentiments and within the pattern of a Japan-dominated East Asian bloc. Political and economic developments will follow lines best suited to Japanese ambitions and necessities, and the traditional civilization of China will flower amid the ruins of modern China.

### 3. *Hsin Min Hui*

The determination to eliminate the Kuomintang as a political party and Dr. Sun Yat-sen's Three Principles of the People, or

San Min Chu I, as a political theory, involved the creation of a new party and a new theory to replace them. Hence the organization of the Hsin Min Hui, or New Peoples Association, and the formulation of the Hsin Min Chu I, or New Peoples Principle. The activities of the Hsin Min Hui are so varied that the Chinese often referred to the Provisional Government as the wife and the Hsin Min Hui as the concubine of the Japanese. In so far as this remark indicates and emphasizes the jealousy which undoubtedly exists between these two institutions, there is much truth in it. There is almost no sphere of government activity in which the Hsin Min Hui does not take part; there is no province in the north, no big city under occupation, and no *hsien* without its branch. The Hsin Min Hui arranges the mass meetings and parades for the celebration of anniversaries, the fall of big cities, of anti-Communist weeks, and of all sorts of other things. It sends out the orders to the schools to compel their attendance at such celebrations; it trains the youth of town and country, organizes the meetings for worshiping Confucius, for respecting ancestors, for denouncing the Kuomintang. It runs a whole experimental *hsien*, organizes cooperatives, sees to relief in distressed areas, distributes loans and seed to farmers, advises on crops and agricultural instruments, provides medical services to the villages, teaches Japanese to all and sundry, sends students to Japan, runs a school of its own, compiles textbooks, composes, and distributes all kinds of propaganda, runs a broadcasting station, sends out traveling movie vans, encourages the theater, engages in censorship, holds examinations, calls conferences of family heads, provides free tea houses, conducts innumerable investigations as to social conditions, makes censuses, promotes Chinese art, controls labor, and looks after public amusements. It even imports pigs for breeding experiments. It sends out traveling libraries, and offers prizes for student essays. It delights in model villages. There is no end to its activities, no limit to its energy. From Tientsin to Taiyuanfu, from Tsinan to Paoting, the flag of the Hsin Min Hui (the Yang and Yin symbol) greets the traveler. The central Hsin Min Hui has some 1800 staff members of whom sixty per cent are Chinese and forty per cent Japanese. During 1938 it cost \$300,000 a month, and in 1939 it spent approximately half a million a month, while doubling the number of *hsien* in which it was active. The Japanese vice-president of the Hsin Min Hui, who is the real head, had

held important positions in Japan and Korea. He was governor of four prefectures in Japan, chief of the Metropolitan Tokyo Police, and connected with police work in Korea.

There are no public estimates of the membership of the Hsin Min Hui. All heads of schools are compelled to belong and a fair proportion of the teachers feel that it is worth their while to follow suit. Naturally there is pressure put on officials to join. But from the point of view of the organization it is not necessary to have a large membership; the Japanese would not wish to have a large mass party which might develop views of its own.

The principle of the Hsin Min serves to establish the legitimacy of the new government and replace the San Min Chu I. It is expected to appeal to the reactionary elements in China and to all who have any quarrel with the Kuomintang. In particular, it is aimed to secure the allegiance of the gentry and peasantry by the revival of Confucianism, the old ideological basis for social stability. Legitimacy of the new régime is implicit in the principle of Hsin Min, according to which all things like to live but have varying powers of resistance, the good are strong and the weak are bad; Heaven allows the good to grow and the weak to die. When men fight, it is those who follow the Kingly Way, Wang Tao, against those who do not. What is the Kingly Way? It includes getting rid of selfishness, making sure of the right knowledge and avoiding Marxism, achieving sincerity, regulating the heart, and being correct in the important relations such as those between husband and wife, parents and children, for those who do not understand these things follow the class war. The principle of legitimacy having been established, the rest of the Hsin Min Chu I may be taken as the political theory which is to replace that of the San Min Chu I. All the Three People's Principles are dismissed. Nationalism, the first of these principles, is merely an outcome of pride and ostentation; it is wrong to be influenced by nationalist feeling because all men are brothers. Besides, the meaning of Wang Tao is that those countries with Tao Te (Virtue) can receive the largest territory; therefore, distinctions of race do not matter. Democracy, the second of Dr. Sun's principles, is equally mistaken, for, as it is pointed out, democratic institutions are impossible in China where the population is too big, the communications too bad to permit a national assembly to be organized. If English methods were followed, they would need seven or eight thousand repre-

sentatives and legislation would be impossible; therefore government by Wang Tao is the only practicable way of expressing the general will. The Kuomintang, we may note, is criticized not only for being drunk with democracy but also for not applying it.

The famous principle of livelihood is the most severely criticized because it is sheer Communism; the Kuomintang did not nourish, it exploited the people and used their money for the government and the army. Civil war increased unemployment which fed the flames of revolution and the anti-foreign movement. The only way to secure the livelihood of the people is to develop the resources of China with Chinese man power and Japanese capital and technique. What is more, the Hsin Min Chu I will do away with the capitalistic monopoly of distribution and also with state monopoly. It will make machines fit men, not men fit machines. The result of industrialism is to create big cities with all their evils. The Hsin Min Chu I will base itself upon the villages to which machinery will be sent, for it is the course of wisdom to use the good things from the West. But first in importance will come the profit of the people, not of the capitalist—such was the theory of the Hsin Min Chu I.

The chief point of attack on the Kuomintang, apart from derogation of the Three People's Principles, is that it worshiped the West, was friendly with England and America, and at the same time came to terms with Communism. It is clear that the spread of Western ideas in China represented a challenge to the social structure of Japan almost as serious as that of Communism. For example, the Hsin Min Chu I is at pains to stress the idea that equality between men and women is opposed to the will of Heaven; hence the foolishness of the three Soong sisters ruling China. You may love women but it is not necessary to listen to them; equality destroys the family. Chiang Kai-shek, it is insisted, stole authority and destroyed oriental culture; he formed an alliance with the Communists whose purpose it is to destroy the East. A Chinese member of the Hsin Min Hui explained the new principle to primary school teachers in the following words:

Western methods of progress are not natural, as are oriental. The West uses scientific methods to correct and control natural development. This is the method of conflict. The Kuomintang adopted this and destroyed the old family and the old religion. The Japanese are shedding their blood in

order to help restore Chinese civilization which was dying because the revolution destroyed Confucianism. China did not have the strength to resist the West one hundred years ago because men had forgotten Confucius and the Great Way. School masters must change the thinking of the students, tell them that the coming of Japan means the regeneration of China. If the two countries cooperate, the Yellow race will assume a big position in the world. China must not forget the five relations and the three bonds. Hu Shih wanted to change to Western methods. Wu Chih Huei said that Chinese methods of making books should be put into the lavatory and Ku Chieh Kang said that Chinese history is all bad. Because China did not like her own culture, Marxism came in; Marx is entirely wrong and in fundamental conflict with oriental culture. Psychology says that if you teach children the right way, they will follow it. The Hsin Min Hui exists to correct people's thoughts and put them in the right way. Teachers have a great responsibility for, if we do not change the children, we cannot attain our object and build up China into a strong state.

The Japanese Vice-President of the Intelligence Department of the Hsin Min society, speaking of the differences between the spirit of the Hsin Min Chu I and that of the class conflict, pointed out how Japan started her nation with womanly qualities and had, therefore, the power to create: "All Japanese have this quality of being able to give birth; this is how Japan differs from other countries and why she has never had a revolution. Therefore she has no class conflict. The West has the masculine spirit not the womanly; the masculine spirit is to use force, not creative power. Western states are man-made, not created by Heaven. They will decay. The Kuomintang copied the Western methods of progress by revolution and bloodshed. Japan has always used Virtue and Benevolence to rule the country. Germany has a National Socialist Party and the members wear a swastika; Germany is a country founded on culture. The circle around the swastika indicates progress as a wheel progresses." When the Japanese army leaders say that they are coming to save China, to preserve her ancient culture, they do not have their tongue in their cheeks, they mean it, because to them it is a matter of life and death.

The organization of the Hsin Min Hui is impressive, its membership negligible, and its purposes obvious. In general, the Hsin Min Hui exists to support the new government in Peking and provide it with a platform. As an instrument for the political intimidation of those who have any will to resist and a rallying point for government supporters, it is well designed. The immediate organization of a school for the training of officials in

the principles of the Hsin Min Hui shows an understanding of one of the chief problems to be solved, but the addition of some scores of half-hearted Chinese traitors to the Japanese forces is no more impressive than the results of the appeal to all Chinese who have been educated in Japan to apply for positions. The T'o Tang Yun Tung, or Leaving the Kuomintang Movement of March, 1938, showed a sound political instinct; nor was the occasion marred by threats of reprisals against known members of the Kuomintang who did not seize this opportunity publicly to celebrate their change of heart. The threats were not necessary for a population which had had experience of Japanese rule.

A long term policy which the officials of the new society are expected to carry out is the control of thought and, in particular, of education. Japanese is already the second language of the middle schools, new textbooks have already been provided, and the class hour which was formerly given to the San Min Chu I is now devoted to the Hsin Min Chu I. In an area with good communications and under complete military control, the Hsin Min Hui will be a powerful political weapon but not a political movement.

The revival of Confucianism, which is included in the first of the avowed aims of the Hsin Min Hui, is one of the few hopes the Japanese ever had of creating a popular movement in their favor. It is a thin hope. To compel Western trained Chinese to go through the genuflections of the old Confucian ceremony does nothing to improve that hope; this sort of thing has been dead in China for more than a generation. Nor is there much prospect of recommending the Kingly Way, based, according to its propagators, on the rules of Mencius, Confucius, Yao, Shun, and Chou Kung, to the peasantry, when the chief contact between the Japanese and the peasantry is the burning of villages and the raping of women. A return to the old ways does not necessarily enlist the support of elements politically disaffected or merely averse to the new styles in marriage, the changes in the family system, or democratic ideas, when the return is advocated by the invader. Those tempted by this may not, furthermore, be encouraged by other declared aims of the Hsin Min Hui, such as the "economic cooperation" in the development of China's resources, when the question of who is to get the profit is not mentioned. The invitation to cooperate



against Communism does not impress a people who had no cause to fear it, while "mutual planning for Sino-Japanese peace" must seem an odd appeal even to the most anti-Kuomintang Chinese in the occupied areas. The last appeal, that by putting together China's resources and Japan's armies, it will be possible not only to oppose the U.S.S.R. but also to become a great power in the world and avoid being a colony of the Western Powers, is interesting for the light it throws on Japanese thinking, but is not, at the moment, an appeal which is likely to bring the Chinese masses to the flag of the Rising Sun.

Japanese leaders did not, to do them justice, expect to secure a mass support. They intended, rather, to use the Hsin Min Hui as a political instrument with which to control thought, intimidate opposition and regulate their new bureaucracy, to say nothing of its use as a secret service. Some Japanese hoped, however, that the gentry in the villages would be attracted by the Hsin Min Chu I and be persuaded to join the Hsin Min Hui and so help in solving the problem of the hinterland. This hope has been shattered by the method of conquest and the spread of counter-propaganda in the hinterland. Under present conditions the gentry are useless to the Japanese, for if they openly sympathize with them, they have to escape to the towns under Japanese garrison, their property is confiscated by the guerillas as that of traitors, and they cannot return to their villages except in the wake of a conquering army. The alternative for them is to take part in the leadership of the guerilla force, to make heavy but fixed contributions to its support, and to be respected by their own people. Since the Border Government is not fighting a class war, and the enemy is not the landlord but the traitor, many of the gentry have stayed with them. As a political device to extend political control the Hsin Min Hui is useless; it can only flatten out what has already been trampled down.

#### *4. Social Policy and Social Control*

There is no doubt that Japanese rule in the occupied areas depends in the main on coercion; there is no social basis for the puppet régime, and only half-hearted attempts to create one. The general policy of intimidation is mitigated by attempts at appeasement, and the disturbances caused by one branch of government are corrected by another. Special treatment, for example, has been given to the villagers along the railways;

they are compelled to accept, on the one hand, some responsibility for the protection of the lines against attack by the guerillas, and, on the other, they are treated to free medical services, free entertainment, and cheap goods. Workers needed for Japanese construction plans have been paid high wages in order to attract them from other contracts, but farmers are forced to give their land and their labor without compensation for the construction of roads which are of military but not of economic value. Landlords have been assisted in the collection of rent in areas near to guerilla country, but they have also been compelled to make forced sales of property desired by the military or civil authorities. A vast number of houses has changed hands, for example, in Peking, and the regular legal processes have often been observed. But in the interior there has not been the same respect for the formalities of land transfer and house sale. The establishment of Japanese-controlled buying and selling monopolies, together with the general restriction of markets due to guerilla activities and the inflation caused by the introduction of Federal Reserve Bank notes, led to a general rise in prices. The price of coal, for example, rose enormously. This led to efforts being made by the Government to fix prices, for the increasing cost of living meant great suffering to large numbers of poor people. The Japanese also financed relief work among the city poor and in certain villages. But while the profits were made from everyone, the relief was handed out where it was expected to bring the most fruitful political results.

The creation of a social base for the puppet régime was theoretically possible, but only on condition that large groups of people had more to gain by accepting the *status quo* than by working for the *status quo ante*. Even if the Japanese had had the best of intentions, it is unlikely that these could have been implemented. The second army of merchants, officials, drug peddlers, prostitutes, *ronin*, and big monopoly concerns which marched in the wake of the soldiers was too greedy of quick profit, of irresponsible exploitation, of office and power to permit of farsighted or wise policies being either conceived or applied. There were too many Japanese needing jobs for Tokyo to hope to rule China through the Chinese; there were too many monopolies grabbing public utilities to permit any compromise with the Chinese bourgeoisie; too much manipulation of currency to hope for support from Chinese banking interests; too

many corrupt officials to hope for Chinese respect, for sound administration, for a dependable Chinese bureaucracy; too many conflicting Japanese vested interests to permit of a well-conceived and intelligently applied political or social policy.

The peasantry was the only group large enough to make a social basis for Japanese rule. The method of dealing with the peasants, briefly speaking, has been one of terrorism. The Chinese people are no exception to the rule that most persons prefer peace to war, and if the Japanese could have made the conduct of the war bad enough and their reprisals too severe, it is possible that the peasants would not have rallied to the guerillas. This would have been especially true where the guerillas did not have sufficient time or leadership to train the population politically. An example is East Hopei. This area had been more or less under Japanese domination since the Tangku truce, and there had not been even Kuomintang propaganda to keep the people politically conscious. The guerillas came into this area in the spring of 1938 and began attacks on the railway of such seriousness that the Japanese were forced to reply immediately. The treatment of the peasantry, or such as they thought had aided the guerillas, was very severe and most of the guerillas were driven out. Such brutality was, of course, an excellent argument for the guerillas, but only on condition that they were there to state it, that they had been in a district long enough to organize and infuse a new morale and political outlook into the peasantry. But this took time. So long, therefore, as the Japanese could afford enough men to prevent large forces of guerillas from entering the area, the peasantry would probably prefer to keep quiet under Japanese control than to encourage underground organization. The policy of terrorism, which is very expensive in men and material, could be applied more or less successfully in East Hopei, but by the summer of 1938 it had no chance of success in the Border Government area.

The Japanese really had no plan for conducting a war and pacifying the country at the same time. Third-rate political generals with no more background than that of a military college were trying to meet first-rate political problems. They were divided and bewildered. A complete collapse of opposition was what they expected; in this they were disappointed because they fell into the trap of Chinese communications and underestimated the problem of the hinterland. Conquest was rapid but

incomplete. If control of the railways and strategic points had meant as much in the economic and political sphere as it did in the military, they could have offered to the peasantry a Japanese peace in preference to the horrors of guerilla war. Japan was in no position to do this because all her victories had not crushed the main Chinese armies in any final sense nor strangled the life of the hinterland. The Japanese have no political weapons to aid them. Not for them a political *coup d'état*, a well drilled party, and beflagged streets to welcome the deliverer. Rather a puppet government of unreliable old men without popular support, and the task of subduing the resistance of the peasantry in every northern province.

The ideas underlying social policy can be usefully summarized in the words of one of the sheets of red paper which the Hsin Min Hui offered to householders as a New Year Decoration:

Build up the New Order.  
Do not change the old family customs.

Put in other words, this indicated a desire to revive and deepen the old traditional ideas of Chinese society as a solid basis for Japanese rule, while at the same time introducing the latest methods of economic exploitation. It was the aim to make the social customs of an agricultural society, strong family ties, acceptance of authority of the head of the family and the head of the village, reverence for Confucianism, and observation of Buddhist or Mohammedan religious ceremonies, the ideological basis for control. The intellectuals, such as were needed, could be controlled by propaganda, police measures, intimidation, and money; there was hardly any bourgeoisie and the small merchants could be expected to adopt the same outlook as the peasants. A contented peasantry remained the chief aim of social policy.

That this policy was largely conscious can be illustrated by propaganda and confirmed by action. One aspect of the Japanese conception of society could be seen in the new Public Assembly laws of November 29, 1938: "An order was issued by the Provisional Government annulling the law governing the forming of public bodies, societies, and assemblies, and the holding of public meetings of the former National Government which was considered impractical to present circumstances. The Police

Departments of the various provinces will henceforth assume full responsibility over the organization of public societies and meetings." It would be difficult to think of a franker statement of intentions or a plainer description of the facts. One Japanese writer described the future social system of China as a kind of "popular totalitarianism," whatever that means. Certainly there is a great deal of evidence that the Japanese are serious when they say that "European liberalism" must be eradicated, but it is easier to define what they wish to eradicate than to give a picture of what they wish to construct.

The nature of social policy eliminated all possibility of securing the services of Chinese both able and willing to assist in establishing Japanese rule. Encouragement of conservatism meant reliance, for example, upon the local gentry, the chief stumbling block for centuries to all change and reform in the village. The gentry could be relied upon for the second object of not changing the old family customs but not for the first, of building up the New Order. They appreciated the efforts of Japanese troops to collect rents for them (there are well-authenticated cases of this), but acceptance of such aid from the Japanese tended to undermine their social position in the villages, the one asset they had to sell. China's agrarian problems do not lend themselves to easy solutions. It is as true for the Japanese as it was for the Chinese, that the peasant cannot purchase manufactured goods until his purchasing power has been raised. To raise that involves reform of taxation, lowering of rents, improvement in agricultural methods, development of the means of distribution, and investment of capital. Such experience as has been gained from the experiments of the last decade does not encourage the view that these things can be done through the local gentry or by consolidating old customs. In fact, these are usually considered to be the chief obstacles. Furthermore, the Japanese do not find it easy to get the support even of the gentry, unless they have fled to the railway cities, in which case they are of little use for controlling their villages.

Many of these difficulties arose in East Hopei. Far from being able to use the gentry to help pacify this region, the Japanese had to protect them. When the main guerilla forces and the revolting Militia had been driven from this area in 1938, only 3,000 veterans remained unliquidated in the northern hills along the Great Wall. Japanese control was based on two im-

portant railways, the Peking-Kupeikou and the Peking-Shanhaikwan lines, and on several important military highways. In the process of pacification all able-bodied men were forced to wear registration cards and the *pao chia*<sup>3</sup> system came into full force. Many important points were heavily garrisoned. Yet the rich gentry continued to live in the railway towns and showed no signs of returning to the country because banditry was still rife and guerilla activity still a possibility.

The attempt to secure a social basis for government was supplemented by strong control of thought and of the person in the occupied zones. Control of the person was mainly effected by general police measures. The old Chinese police force remained in most of the cities of North China, disarmed and controlled by the Japanese. Chinese police are used for searching all persons entering or leaving city gates and occasionally for irregular searches along the highways. There are not, according to fairly extensive investigation, any recorded cases of Chinese policemen discovering arms on such persons; a fact which does not necessarily mean that arms are not carried. The Chinese police are still used for traffic duty. They are employed in the taking of census returns and the enforcement of the *pao chia* system. Although there are cases where the Chinese police have tended to take on the manners of their masters, there are other instances of loyalty to China and there is plenty of evidence that from the Japanese point of view they are most unreliable. The important house searching and secret service work must be done by Japanese police.

General enforcement of the *pao chia* system, especially near the railways and in big towns, is considered by the Japanese to be a very important basis of "peace and order." In many districts of East Hopei this has been developed to such an extent that all men are registered and must wear identification marks, and anyone without an officially issued identification mark is seized as a bandit. Nearly every *hsien* authority under the Provisional Government has used the Chinese police to search for guns and to register guns in the hands of peasants. Every effort is also made to get people back to their villages when they have run away; in some cases the military have driven them back.

Arrests of students and others suspected of Communistic

<sup>3</sup> The *pao chia* is a system of collective responsibility. The *chia*, ten households, is collectively responsible for the acts of its members. The *pao* is 10 *chia*.

leanings or possessing dangerous books are very common. The Japanese have built up a large army of spies and informers. There are well-authenticated stories of students being offered as much as \$400 a year to act as spies. Most of the torturing and imprisonment goes on in the basement of the Peking University, the place where the Chinese renaissance first saw the light. One method of which the Japanese make good use is to put pressure on other members of the family, a method used in relation to certain Chinese bankers who fled to the Concessions in Tientsin. It is also used against the families of men who have gone south. The evidence against persons who have been arrested and sometimes never seen again, or if they return, have lost their minds, is so flimsy and so irrelevant that the only conclusion can be that the Japanese and Chinese members of the secret police are either sadists or in great need to justify their existence.

The hostage system has been applied even to railway protection. If anything happens to the railway, certain men in the nearest village are held responsible. Round about Kalgan every householder is forced to hang a wooden tablet outside his door on which are inscribed the names of all the inmates so that any movements of population can be watched. If there is a man extra, he is assumed to be a guerilla or a bandit; if there is one short, then he is assumed to have joined the guerillas. At every railway station in North China all Chinese passengers are searched on entering or leaving.

It can be stated as a matter of observation that the severity of the measures taken against the Chinese population increases directly as the distance from Peking or Tientsin, and the distance from the railways. Cities such as Taiyuan, Paoting, Shih-chiachuang, Kalgan, Kueihua, are nothing more than armed camps. At Tsinan, an important communications center, which is considered as particularly liable to attack, the precautions are extremely rigid. The barbed wire ring around the city is opened only between the hours of 8:00 A.M. and 6:00 P.M. and then at but two points. Incidentally, all Chinese entering or leaving must take off their hats and bow to the Japanese sentry.

Control of thought may be divided into short term and long term policies. Short term policies took the form of arrests of intellectuals, the searching of schools for seditious literature, and the censorship of the press, radio, and post office. These were steps which any invading army might be expected to take. Nor

was it surprising that efforts should be made to close the gaps in the system of censorship—the Legation Quarter radio broadcasting facilities, the diplomatic mail bags, and the Concessions. Long term policies include propaganda and education, both of which are controlled, in the main, by the Hsin Min Hui. Newspaper and film propaganda are also used for what they are worth, but it must be remembered that this does not reach a very large proportion of the population. The theater and traveling film shows are being developed but these can be used only in areas controlled by military force. The long term program also depends upon the general encouragement of Confucianism; hence the establishment of the Classics Institute, the observance of Confucian ceremonies and repair of temples. It is also bound up with the respect shown for Buddhism and Mohammedanism and the appeal to conservative elements. The special relief offered to "destitute scholars," i.e., calligraphers who have been thrown out of work by the departure of the old government, is but one example of this underlying policy.

One of the difficulties in the control of thought is that the propaganda pumped into students at school is counterbalanced by the influence of the family, an institution which the Japanese, for other reasons, are interested in maintaining. Another difficulty is the considerable difference which exists between Japanese propaganda and actions. It is possible in a country with a high degree of literacy and excellent communications to impose upon a population a picture of society which bears little relation to actual conditions, but this is not so easy in a country where literacy is not high and communications are poor. The Japanese do not seem to expect the popular support which they have been unable politically to secure; their measures are designed far more to prevent popular resistance by rigid control than to achieve security by encouraging goodwill. This tendency was inevitable if only because so much of their policy was bound to incur resentment. For example, the establishment of Federal Reserve Bank notes as the only legal tender in the cities under control made population and trade movements between these cities and the hinterland difficult because persons bearing such currency were likely to be shot when they reached guerilla territory. Federal Reserve notes make the problem of social control easier and smaller, by limiting it to well defined zones; on the other hand, they make social and economic control so much



the easier for the guerillas. There are few things which make the goodwill of a conquered people more difficult to secure than the imposition of a worthless currency. If the Japanese had wished to make the Chinese people nationally conscious they could have invented no better way than that of attacking the national currency.

The Japanese policy toward various religious and racial groups was dictated by a number of considerations. The general purpose to divide and rule is apparent; so is the desire to encourage traditionalism and to divert attention from local or international political questions. There was also the part to be played in the anti-Comintern Pact; Japan emerges as the Far Eastern defender of the Mohammedan world and links herself up with Italian policy in Palestine and the Mediterranean. On February 7, 1938, there was established the Chung Kuo Hui Chiao Tsung Lien Ho Hui, or United China Mohammedan Association,<sup>4</sup> with a permanent center at Kuang An Men, Peking. Its aims are declared to be: union of China, Japan, and Manchukuo; opposition to Communism; support of the Provisional Government; extension of Far Eastern culture. It also seeks to unite and associate with all co-religionists, to support education, and to render mutual aid. At present the organization is limited to a Hua Pei Lien Ho Tsung Pu, or a North China Union. Created by the Japanese Special Affairs Bureau, this association is on an equal footing with the Hsin Min Hui. The head is Wang Jui-lan who is over seventy years of age; the other eight members of the committee

<sup>4</sup> Activities:

(a) Mohammedan Youth Group. The leader is a Japanese, and the general aim is to establish an anti-communist nucleus. One month's training is given. In the first class, May-June, 1938, there were nine students; in the second, July-August, fifty students. Classes are held in the old Tung Pei Ta Hsueh buildings, now one center of Peking Mohammedanism. Training includes military training, Japanese language, anti-Communism, and very little Mohammedanism. Some of the graduates become gendarmes, some are sent to the provinces, some join the central office.

(b) Japanese language school. Established April, 1938. There is only one Japanese teacher, and the student body has fallen from 240 to 140.

(c) Mohammedan schools. Primary and middle. Also a Hsi Pei Hsueh Yuan or college financed by the Japanese.

(d) Mohammedan army. In May, 1938, Wang Chang-fu at Ku An, Wu Ch'ing and An Ssu, collected 200 men for anti-guerilla work. There are now about 2,000 men; financed by the Japanese.

News agencies: *Shih Wen T'ung Hsin She*; *Hua Pei T'ung Hsin She*.

Members: No definite figures given. Legal help is given to Mohammedans who are involved in law suits against Chinese. It is said that in certain places Mohammedans are allowed to avoid taxation. This statement has not been checked.

which controls the organization are over forty years and none held office under the Kuomintang. The local leader in Peking is Chang Ch'in-yün, who was very active in the early days of the occupation with Liu Chin-piao, and was brought to Peking from Manchuria by the Japanese in October, 1937.

The Mohammedan organization is entirely a Japanese-created institution and is largely financed by the army. Its propaganda is anti-Jewish, brings in Palestine a great deal, and attacks the anti-religious policy of the U.S.S.R. On May 12, 1938, a large Mosque was opened in Tokyo and fourteen countries sent representatives. This marked the official proclamation by Japan of her intention to stand as the protector of Islam. The Congress laid great stress on the importance of fighting Communism. Two monthlies, *Mohammedanism*, established in 1938, and the *Chen Tsung Pao*, established in 1927, are now published in Peking under Japanese auspices. The United Chinese Mohammedan Association has branches in Peking, Tientsin, Tsinan, Taiyuan, Kalgan, and Paotow. All this aroused Chinese competition for the sympathy of the Mohammedan world. A delegation of four Chinese Moslem notables was sent by the Chinese Government to Bagdad and arrived there in June, 1938, in order to seek the sympathy of the Arab world for China. In the guerilla areas the Mohammedans are also recognized as one of the constituent bodies in the United Front. It is impossible to estimate how many of the ten or more million Mohammedans who live in North China are in the occupied zones; at a guess the majority are not. As the press is not, apparently, a primary channel for contacts among Mohammedans, it is not likely that Japanese propaganda reaches those outside directly controlled groups. The Japanese Mohammedan policy is important because the Mohammedans are very conscious of their race and nationality, they have a long history of Chinese oppression, they are good soldiers, and they belong to an extensive international group. (The North Western Mohammedan Association was formed in March, 1939, to keep contact with co-religionists in the unoccupied areas. A delegation was sent to Mecca to provoke anti-British sentiment.)

White Russians, who are limited mainly to Tientsin and Peking, are not so important as Mohammedans, but the Japanese overlook nothing. In Peking there are around 500 White Russians of whom about 100 are children. Of this group 20%

have a regular income and are therefore subject to many exactions. Russians are forced to contribute to a good many things, including a Russian Fascist newspaper and a special shop in which they must buy shares. A Japanese major (Taki) lives in what is called the White House, with a Russian secretary, and through him the Japanese have complete control of the Russian community. All the men must register and those from the ages of eighteen to thirty must do military training. Those above thirty must join the Volunteers, who train inside the White House, which also includes prison accommodation. Peking and Tientsin are under one control, separate from Manchuria, Peking taking orders from Tientsin. Passports are very expensive for Russians; two kinds are issued, one saying that the bearer is anti-communist, and the other that he is neutral. In case of war with Russia it is assumed that those holding passports marked neutral will be imprisoned. There is anti-communist training for all, and all must be ready to fight at any time. Russian Jews are controlled through the head of the Jewish community. Russians with Chinese nationality are sometimes arrested and forced to serve. Japanese policy appears to be, first of all, to control the whole Russian population, secondly to make what use they can of them in China and have them on hand in case of war with Russia, when their knowledge of the language at least will be useful. They are now used for protecting Chinese coolies working on roads; sometimes small groups are used against the guerillas; many are used as passport inspectors on the railways.

Mohammedanism was encouraged in the hope of immediate political results, but the revival of Confucianism was part of the more general social purpose of fostering conservatism. There is much evidence of interest in Confucianism and of plans to preserve the temples and rites. The support of the Institute for Classics, the constant appeal in propaganda to respect the old culture of China, to preserve the ancient relations between husband and wife, father and son, the family and society, the new tendencies in legislation, the refurnishing of Confucian temples, and the care paid to the old monuments, all bear witness to this policy. It is perhaps well to remember, in this connection, that in the years immediately preceding the conflict, the Kuomintang was encouraging a revival of Confucianism for exactly the same

reasons as are the Japanese today—as a method of social and political control, especially in the villages.

Japanese policy in relation to the most important religion in China is obviously significant. In her support of Buddhism, Japan is helped, perhaps, by memories of the short but severe persecution which followed the establishment of the Republic in 1911-12, as well as by the tendency to secularize the property of Buddhist temples, monasteries, and convents from 1925-27. On the other hand, after the establishment of the National Government, important Buddhists were included in the government and there has been in recent years a strong tendency toward the modernization of Buddhism, especially among the laity, as well as an increasing use of the press and modern propaganda methods. The National Government began to seek the cooperation of the Buddhists in the task of the unification of China from about 1934 onwards.

The Japanese have encouraged all kinds of Buddhist associations but have not used them in the same way as the Mohammedan. When Wu-tai mountain was taken, monks were brought from the sacred mountain to Peking, "to thank the Japanese for the restoration of peace and order and to appeal to the authorities for assistance for the reparation of temples damaged by the communists and bandits." Later the party left for Mongolia to speak to the Buddhists "about the renaissance of Buddhism under the protection of the Japanese army." The Japanese controlled press gave publicity to the campaign started by the Buddhists against killing; the killing referred not only to insects but even to men. Small wonder that Buddhism is encouraged; a passive peasantry would be much cheaper to rule than one with nationalistic and antagonistic tendencies.<sup>5</sup>

The general picture is one of direct rule in the occupied zones and of failure to secure indirect rule over the unoccupied hinterland. Social policies there were, but they were no substitute for severe social control. An attempt was made to encourage everything, from Buddhism and Confucianism to the theory of the Kingly Way, calculated to help in producing a mood of subjection, subservience, and passivity in the population. Social con-

<sup>5</sup> The Anchin Living Buddha was feted in Peking and Tientsin during the last months of 1938 and January of 1939. About a thousand people attended the Sutra services at the Lama Temple in November, 1938. The Buddhist Institute holds regular lectures on Buddhist sutras and classics. In March, 1939, a new Taoist Society was instituted for similar reasons, but it is not important.

trol through the police and military, the *pao chia* system, census taking, and registration of all householders, was the chief method of securing the enforcement of law. This naturally involved extensive measures to control such public bodies as Chambers of Commerce, Guilds, and Trading Associations. The promulgation of a new Law of Public Assembly removed whatever pretense there had been of civil liberties. The whole atmosphere of North China became that of the Police State in which the spy reigned supreme. Walls covered with the sayings of the Chinese sages or posters depicting the New Order in East Asia looked down on a people conquered, terrorized, and exploited, held in a rigid and brutal system of social control.

### 5. Education and Bureaucracy

In no sphere was all this so apparent as in that of education. One of the general aims of government is to "stabilize the minds of people," as the press occasionally expressed it. Things must be given at least the appearance of normality. At the time of the occupation practically all the faculty and many of the students of the national universities moved to the south; this involved about twelve institutions of higher learning, fifteen hundred faculty members, and some five thousand students. The blow to higher education was, therefore, serious and to some extent may account for the failure of the Japanese to close down the private institutions such as Yenching University, the Catholic University, and China University. Middle and primary school education did not suffer so much, although many of the best teachers fled south. (By November, 1937, middle and primary school education was about 75 per cent restored). It goes without saying that there was no corresponding movement from south to north. (An examination of the native districts of students now in Peking shows that the majority come from the northern provinces. The large contingents which formerly came from Shanghai and particularly Canton no longer arrive. Figures for the Catholic University show a lower percentage for the north than other schools, but this is due partly to the fact that the connection between the University and the Catholic middle schools is very close. The figures are 621 out of 1,263 from Hopei or Peking, 119 from Manchuria, from 80 to 30 students each for Honan, Shantung, Kiangsu, Chekiang, Anhwei, Fukien, and Kwangtung. Shansi, Kiangsi, Hupeh, Hunan, and Szechwan

range from 25 to 10 each; Kweichow, Kansu, Yunnan, and Kwangsi from 8 to 2. Many of these students were here when the incident broke out and did not go south; others may have lived all their lives in the north and still give the province of family origin, however far back, as their native province. There is more than enough evidence to show that the movement of students is from north to south, i.e., from occupied to unoccupied territory, rather than from south to north. The same is true of the faculty.)

It took some time for the new administration to make complete arrangements for controlling education as it existed and for developing specific policies for the future. It was not until April 1, 1938, that the School for Teachers' Training was opened; the National Normal Colleges came to life again three days later under new names, the National Peking Men's Normal College and a corresponding one for women. One year after the occupation the Peking University, the old Peita, was restored with four colleges—Medicine, Agriculture, Science, and Industry; Arts and Letters has been added since. After a long and futile search for a suitable man to be president, they finally had to fall back on T'ang Erh-ho, the Minister of Education, who was appointed on January 3, 1939.

There are several possible reasons for the revival of Peking University. For one thing, it was essential to prevent the flight of students to the private universities, which are now filled to more than capacity. For another, occupation had to be found for the large number of students now in Peking who did not go south and could not get into the few remaining schools. The training of technical experts and the provision of employment for Japanese teachers were also important. Furthermore, sensitive to the charge of destroying Chinese culture, the Japanese might have thought that this action would refute the accusation.

Control of education by the Japanese should not be underestimated. While it may possibly be true that the world view which Chinese students are asked to accept is too preposterous to resolve the conflicts which must arise in the meanest intelligence, it is also true that a generous and grateful acknowledgment of Japanese domination is not necessarily the chief aim, though it may be the occasional crown of Japanese endeavor. The main aim is to prevent united opposition, to crush initiative and leadership, to prevent the circulation of views other than

those considered suitable to a conquered people. If people are prevented from reading, discussing, or speculating upon any picture other than the official one, it is arguable, judging from Korea and Manchukuo, that a picture may be presented to the people that is fairly inconsistent with the real situation. There is very little doubt that, apart from the possible exceptions of private schools and universities, this object can be achieved in the occupied zones.

The pressure put on the private universities has been fitful but not so severe as might have been expected. The Catholic University has added a Japanese professor and enrolled a few Japanese students. Yenching University had neither, but accepted a Japanese professor beginning with the academic year 1939-40. The text books, however, remain unchanged, except for the voluntary and expedient elimination of publications dealing with the Kuomintang and Marxism. One or two students have been arrested on very flimsy pretexts and only with great difficulty released. There are no legal student organizations, of course, for national purposes, but the academic atmosphere in these universities has changed little. The Japanese can afford to wait. With a sure instinct they have concentrated on primary and middle school education, the pressure on private middle schools being much more severe than on the universities. For example, although the Hsin Min Hui theoretically has the right to issue propaganda in Yenching University, it has not, so far, made much use of it. But the private middle schools do practically all the things that the public ones do: they admit Hsin Min Hui organizers, use the new textbooks, teach Japanese, and send delegations to parades. After two or three years, therefore, the student body entering any university will have been through Japanese-controlled middle schools, will know Japanese rather than English, and will have heard of the San Min Chu I and the Kuomintang only in terms of abuse.

The declared intention to return to the Confucian Classics is of considerable importance. It is an illustration of a larger policy of social control, that of undoing the modernization of Chinese education and social ideas, a policy which runs through practically every department of government. The head of the Supreme Court, Mr. Tung K'ang, to take only one example, was asked to re-frame Kuomintang legislation in such a way as to base concepts of law on the old Chinese, rather than the

Western, conception of the family. The Classics are important, because here there is emphasis on the subordination of children to parents, of wives to husbands, of all to authority. In addition to the restoration of the Classics in the schools (see discussion of text books), the government has also set up an Ancient Classics Institute (November 6, 1938) under the chairmanship of General Kiang Chao-tsung, former mayor of Peking. It was not, however, of any great importance except as an indication of policy, a policy already enforced in the matter of school text books.

There appear to have been two general principles adopted in regard to changes in textbooks. As a matter of procedure it was decided to begin with primary school text books and deal later with middle school and university. As far as contents were concerned, the principle was to eliminate anything which could be said to endanger friendship with Japan, and to make the thought of Confucius the central point of future school materials. It is interesting that the first decision in this matter was taken by the Peace Maintenance Committee and the head of the Social Affairs Bureau on August 17, 1937. In December of the same year we find the Mayor of Peking explaining these points to the heads of the middle and primary schools, who apparently attended a good many meetings during this period.

At first the old textbooks were used while the new ones were being prepared. The offending passages were eliminated; in fact, a small booklet was published which gave chapter and verse for all passages which must be either changed or deleted. Naturally anything referring to Japanese aggression in China, the doctrines of Sun Yat-sen, and Communism, were censored. The subject of *Kung Min*, or Citizenship, was changed not only in name, to *Hsiu Shen*, or Moral Improvement, but also in content. On September 17, 1937, the revising committee on middle school textbooks announced that for the subject of Citizenship two of the Classics, the *Ta Hsueh* and *Chung Yung*, must be read in junior middle schools, while the *Li Chi* and *Tso Chuan* must be read in senior middle schools. On October 19, 1937, textbooks for primary schools were announced; they were the *Hsiao Ching* and *Lun Yu*. In other words there was a general return to the Classics.

The first batch of new textbooks was not printed until March, 1938, and adopted in September of that year. A large



part of the contents of the new textbooks is copied from the old; certainly the organization and system is very much the same. The government was unable to get qualified men to do the work of writing textbooks in such a short time. The new volumes are very slim compared with the old, and the general principle which seems to have been followed was that of cutting out the objectionable parts and not replacing them except by a few pro-Japanese statements, some anti-Communist propaganda, and a certain emphasis upon China's original ethics. It is remarkable that the contents of *Hsiu Shen*, the most important subject in the curriculum to the Japanese, follows almost the same outline as the *Kung Min* or Citizenship, which it replaces, although the interpretation is different.

A second batch of new textbooks which came out in November, 1938, had some real points of difference from the first efforts. In the geography book, Manchukuo is marked clearly as an independent country. The new edition of the *Hsiu Shen* text emphasizes ethics and morals much more than political science and law; it includes a great deal of the Hsin Min Chu I doctrine, much about Sino-Japanese friendship and economic cooperation, sections on the promotion of the culture of East Asia, and passages on the ancient Chinese conceptions of morality. There is also a severe attack on the doctrines of Sun Yat-sen. In spite of all this re-writing, the books were still too brief to last for a school term, and on January 23, 1939, the Chinese press reported that the Bureau of Education had ordered the schools to buy books for the following term as those for the present term were finished weeks ago.

There was not much money for education but there was plenty to be made out of it. The selling of textbooks was first monopolized by the Hsin Min Bookstore; later by the Asia Bookstore, which also monopolized notebooks, pens, and paper. It is possible that the Hsin Min Hui makes a profit out of books through the consumers cooperatives which it began to organize in October, 1938, in middle and primary schools.

It was some time before textbook revision came under the Education Department of the Provisional Government. As early as August, 1937, the Social Affairs Bureau with the aid of school teachers began to examine the textbooks. The next step was on September 16, 1937, when a committee for textbook revision was set up under the Cultural Section of the Peace Maintenance

Committee. On November 21, 1937, a Peking and Tientsin Text Book Revision Committee was established, headed by a Chinese and a Japanese, which revised the edition of textbooks printed March 1, 1938, in Manchukuo. On March 1, 1938, the same committee was put under the Education Department of the Provisional Government. It is clear that the work of revision done by this committee of some 120 people was directed by Japanese. As the Hsin Min Pao put it on August 17, 1938, when a new Japanese President of the Revision Committee arrived: "Next spring the schools will have pro-Japanese text books."

Orders went out, both from the Department of Education of the Provisional Government and from the Bureau of Education (Peking Municipal Government), to the effect that all schools must use the text books. The only schools in which the change-over has not been made are those under foreign control or within the concessions in Tientsin, but there is every reason to believe that even these schools will soon be forced to use the new text books.

The Ministry of Education, which fostered the Classics for social reasons, encouraged a compensating tendency in the direction of vocational training for the purposes of economic exploitation. The Chinese, before the war, were already turning in this direction and in free China are now developing vocational training very vigorously. In North China today all schools are compelled to pay more and more attention to science and specific occupational skills so that there will be enough Chinese mechanics and skilled workers in metal and other trades to make possible the plans for industrial expansion.

Educational policy, indeed, was mainly concerned with the problem of human material. However much the Japanese took over administration themselves, they would always need a Chinese bureaucracy. The work of training this bureaucracy was naturally spread among several organs of government but the Ministry of Education did its share. It established a Teachers Training College, revived the Peking National University, allowed the private universities to open, and encouraged the teaching of the Japanese language. The Hsin Min Hui established a Hsin Min College, the Hopei Provincial Government set up a school for training its officials in Japanese, Municipal Councils provided classes for the public in Japanese at a charge of \$1.00 per month, and even the Railway Bureau made arrange-

ments to train its new staff members. The Chinese had to know at least enough of the Japanese language to obey orders. It is easy, in China, to find a supply of officials of the lowest class; it is possible, given time, to train officials of the type who must have university degrees, but it is most difficult of all to get the highest officers. It was the task of the Education Minister to provide the second. Those who were finishing middle school at the time of the incident, as well as those who had already started a university career, were very unsuitable material from the Japanese point of view. They were compelled, for economic reasons, to take positions connected with the government, but their fundamental attitudes could not be changed. Those who were younger than this at the time of the incident were perhaps more malleable, but there is still the family influence to be considered, an influence which may counteract the forces of education and propaganda for many years.

The Japanese do not find it difficult to secure candidates for the middle and lower positions; nor is this surprising in a country where the struggle for existence is very severe. The Chinese official classes will say and do what they are told, if only because they find the competition for jobs all the more fierce now that they compete not only with Chinese but also with Japanese. And the Japanese compete at every level, so great is the pressure of office-seeking graduates of Japanese schools. In fact, the prestige of the Japanese has tended to go down because they have taken up so many tasks which, in the eyes of the Chinese, are not dignified, tasks which do not become a ruling race. There are Japanese engineers, mechanics, chauffeurs, railway officials, bus drivers, ticket collectors, drug dealers, barbers, small merchants, prostitutes, clerks. There is no position they will not take, no opportunity for making money they will not exploit.

There are other difficulties in the way of securing good men for the middle and higher ranks of the bureaucracy. The most important, of course, is patriotism, for it is here, among the educated, that patriotism flourishes most of all. Another is lack of funds for the running of the educational institutions; this is quite serious. No one knows the exact revenue of the Provisional Government but, by its own admission, the largest expenditure goes for the support of provincial administrations. In most of the large cities, Tsinan, Tschow, Kalgan, Paotow, Taiyuan, education is at a standstill. It is only in Peking, and to

a limited extent in Tientsin, that education has revived because here there was no application of the "scorched earth" policy. But as the bitterness and seriousness of the war increased with growing Chinese resistance, there was more destruction of property, more exodus of leaders and general population. Foreign missionary enterprises stayed in Peking and Tientsin but in Tsinan, as in Nanking, they moved their staff and some of their property. And the Japanese, themselves, even in Peking, have rendered much educational property useless by turning it over to other purposes.

An even more serious obstacle is the fact that the Japanese cannot persuade really first class Chinese leaders to come out to head the Provisional Government. If they could get men of reputation and integrity to join the administration, it would make a great deal of difference to the morale of the intellectuals who remain in the North. Many of them would undoubtedly join the Japanese-sponsored régime if someone of the caliber of Wu Pei-fu were to give them a lead. It was generally admitted by representatives of the Chinese National Government who were doing underground work in Peking that if Wu Pei-fu had emerged from his retirement as a member of the Provisional Government, a new class of "traitors" would have appeared, men who were unwilling to work for Wang Keh-min but who respected Wu enough to follow him wherever he went. But the attempt to secure Wu Pei-fu had already ended in a fiasco before the incident was closed by his death in December, 1939. So long, indeed, as the National Government of China continues to resist, the pressure from friends in the unoccupied areas, the hope of ultimate victory, and the threat of assassination will tend to keep the intellectuals living in the occupied zones loyal to their own government. The Japanese are not likely, therefore, to solve very easily the problem of securing Chinese bureaucrats of the first quality. Yet such men are essential to the Japanese in their struggle for government.

The main fact that stands out in this struggle for government is that the Japanese had no political weapons which were of any value to them among people not under their immediate military control. Where they had police power, they secured obedience to their will by intimidation, coercion, and close supervision; they neither expected nor provided for spontaneous acceptance of their authority; they relied not on law but on spies, not on

political obligation but on political subjection, not on goodwill but on terrorism. Much of this was made necessary because of the active Chinese opposition; much of it was inherent in the Japanese way of doing things. But so little was necessary in the way of good government to improve on the Chinese administrations under which North China had suffered that one is forced to the conclusion that the Japanese did not take full advantage of the situation. They went out of their way to invite opposition and destroy the effectiveness of their own propaganda.

### *The Border Government*

#### *1. The Eighth Route Army and the War*

The Border Government of Hopei, Shansi, and Chahar represented the easternmost political influence of the Eighth Route Army, whose *de facto* control of the northwest provinces, particularly Shensi and Shansi, followed rapidly on the outbreak of war. It was not so much a spontaneous peasant organization as the application of a sophisticated domestic and international political strategy to the peasantry of North China. The men behind this movement were not inexperienced. Most of them had been in Kiangsi Province in the armies of the Chinese Soviet Republic. They had survived the Long March from Kiangsi to Szechwan; they had assisted in the events which led to the reconciliation of the Kuomintang and the Communist Party after the incident at Sian. But the new techniques and the new political strategy had little in common with those of the pre-Sian days. The general change in policy, which could be traced in Communist parties all over the world from 1935 onward, did not omit China, although it took a different form. The demand of the Communists for a United Front among all parties in England and France against German Fascism was matched in China by the demand for a United Front of all Chinese political parties and social classes against the Japanese. When the basis for this United Front had been achieved at Sian, it was claimed that the Chinese Revolution had entered on a new stage, the period of "National Revolution." The first step toward the establishment of a Socialist state, according to this policy, will be the achievement of national independence and democratic institutions as a basis for evolution. Speaking at the Fuping conference in 1937, Huang Ching, the representative of the Communist Party, stated: "In this transitional stage our enemy's

invasions hasten the solidarity of our nation. The creation of the United Front leads China on the way to democracy, independence among the nations, establishment of the sovereignty of the people, and improvement of the people's livelihood" (Fuping Conference Report, January, 1938). The change in communist tactics is very apparent in his further statement that "during the democratic phase of the Revolution, the Communist policy will be identical to that of Dr. Sun Yat-sen in his *San Min Chu I*. The Communist Party is determined to support the formation of a democratic republic and to execute the duties laid upon it by this new political power." The old policy of the class war, with its revolutionary agrarian changes, the broad attack on social customs and institutions, and the Soviet system of political organization were to be forgotten, at least for the time being. Of the characteristic features of the earlier strategy, only the subordination of the military to the civil authority, the emphasis on mass movements, and the commissar system in the army remained. Tactics and strategy were now subordinated to the new framework of united opposition of all classes to the Japanese.

Scrupulous adherence to the new political platform by the Communists made it possible for them to secure the ready cooperation of non-Communist leaders such as university professors and students from Tientsin and Peking, local magistrates, some local gentry, and a few of the more enlightened officers of the old provincial armies. In the personnel of the new government, in the administration, and in the army, Communists were in a minority. Thus, acceptance of their program by the leaders on whom they had to depend and by the local people depended not on force but on persuasion. That the Eighth Route Army leaders not only restored but also reconstructed Chinese government and administration in the Border Government area during six short months bears witness not only to organizing genius, but also to the urgency and the necessity, given the situation, of their program. For it must be borne in mind that the speed of reform could never be much faster than the pace at which the peasantry of North China could be persuaded to move. On the other hand, it must not be allowed to fall short of the measures necessary for survival. The principles and policies of the Border Government illustrate one of the finest historical examples of the approximation of political means to

political ends. Only men who had organized the impoverished peasants of Kiangsi Province in six years of fighting against the National Government could have produced in such a short period, less than a year, a political and military organization, based on the supposedly non-political peasants of North China, which all the military might of Japan has not been able to crush in three years of struggle.

## *2. Political and Social Policy and Background*

The first task of the Border Government was to establish a mass basis for its administration, through which it could, on the one hand, consolidate its own power, and, on the other, organize and continue resistance to the Japanese. To establish this mass basis meant winning the whole-hearted backing of the peasant families which formed the bulk of the population, and, to win their support, it was necessary to set up a new order of a kind that the masses could not afford to refrain from supporting. Such a new order meant more than a simple return to the social and political order of pre-war days, for there was little or nothing in the Kuomintang administration of North China to elicit the enthusiastic support of the peasantry. In fact, both Japanese and other foreign observers had agreed in thinking that there would be no mass opposition from the impoverished peasants of North China to the new Japanese-sponsored régime. It must be remembered that the wave of administrative reform which was sweeping through the provincial administrations of Central China had not reached the northern provinces; in fact the Japanese had taken pains in 1935 to ensure that it should not, by forcing all Kuomintang organizations and all national troops out of Hopei and Chahar Provinces. Provincial civil administration in the north was of the old fashioned type—corrupt, inefficient, and conservative. Incompetent, untrained bureaucrats, in league with provincial military leaders, fattened on the peasantry and had no other contribution to make to the government than the collection or addition of more and more taxes. There was no conception of modern forms of government, no desire for change. Efforts to broaden the political base through the introduction of local self-government were consistently discouraged. The chief functions of the district magistrates were limited to the collection of land taxes, and there was not enough energy in local administration to further the appli-

cation of ideas which would increase this fundamental source of revenue.

Provincial armies were nothing more than a collection of peasants in uniform, peasants who could find no living on the land. They were commanded, for the most part, by poorly trained political appointees, whose chief concern was the amount of squeeze to be got from the purchase of supplies. The provincial military machines were as deficient in modern arms as in training and leadership. Their rifles were used mainly to keep the peasantry in control and to ensure the collection of land taxes upon which the armies ultimately lived. So bad was the discipline of these usually unpaid, or very poorly paid, troops that villages would be evacuated when they came in sight. The peasant feared expropriation of his goods, his crops, his services, and his lodging, to say nothing of mistreatment of his women-folk. The provincial army and the provincial administration, which included everyone from the local gentry, upon whose cooperation the magistrate depended so much, to the heads of the government, formed a kind of informal union for the exploitation of the peasantry. There was every reason to believe, therefore, that the peasant would not have either the motive or the power to resist the exchange of one set of exploiters for another. He knew that the provincial army, when challenged, could offer no real resistance to the invader because it had neither spirit, equipment, nor training. It was merely an institution for the financial aggrandizement of warlords and landlords. Even in retreat, provincial troops could still be expected to rob and molest their own people.

The peasant of North China, therefore, hated the very name of government. He had to support an army which would not defend him, bear taxes which brought him no return in public services, give free labor at the will of landlord or soldier, and suffer the hardships of famine or war without expectation of assistance. The local gentry, of whom he saw the most, controlled local administration, often including the magistrate, and effectively prevented any expression of the real needs of the people. Ignorance and illiteracy put him at the mercy of government; he had no hope of successful revolt because there was no class capable of leadership which was able or anxious to gain his confidence. Such was the situation which the Border Government took over and such were the foundations upon which it hoped



to build some kind of effective resistance to the Japanese invasion. Small wonder that it put so much emphasis upon two things—winning the goodwill and active cooperation of the people and organizing an army which should revolutionize the relations between army and people.

Restoration of centralized administration was the most immediate task of the new régime. The Border Government spent February and March, 1938, in creating a new administration and getting rid of political confusion. There had been, sometimes, as many as three magistrates, appointed by different military groups in one *hsien*. By March 30, there was one magistrate to each *hsien* and all of them recognized the authority of the new government. By the summer all political organizations which had been created by the Japanese were forced back to the railway zone, and strict control of frontiers limited effectively the activities of China traitors. By April, the Government, which had been faced by a situation in which no less than three authorities—the military, the civil officials, and the Mobilization Committees—were taxing the peasants, consolidated the collection of taxes. The successful accomplishment of such elementary reforms was fundamental to the establishment of good relations between people and government, without which guerilla warfare is impossible. While the new government was laying its own foundations, the first blow was struck in March, when Japanese forces marched up the Shz. River Valley to Fuping, laying waste every village en route and burning down a large part of Fuping itself. The Border Government fled to the sacred mountain of Wu-tai and set up its offices there in the Lamaist temples. Either because the Japanese thought that the new régime had been dispersed, or because the summer rains, which make central Hopei and much of Shansi difficult of travel, now came on, the Border Government was not attacked again until October. This breathing space enabled it to lay the political foundation of government so effectively that campaign after campaign failed to shake its hold upon the people.

The centrifugal forces in the Border Government area were obviously important. The area covered by the Border Government was bounded by the Peking-Suiyuan Railway to the north, the Peking-Shanghai line to the east, the Tatung-Puchow Railway to the west, and to the south by the Taiyuanfu-Shih-chiachuang line. The territory controlled by the new régime

was not only bifurcated by the Japanese-controlled Peking-Hankow line, but also based on two entirely different geographical areas, the rich plains of central Hopei, and the thinly populated, rugged hills of Shansi. This is one reason, perhaps, why the new government, although immediately recognized by the National Government, came into existence to some extent through popular election. In such a situation it was a case of government by consent or no government at all, and the conditions which demanded such a government determined its character. The conduct of guerilla warfare, the development of guerilla armies, the establishment of a political and economic base, required on the part of the peasantry such a degree of cooperation that success would vary in almost direct proportion to the growth of political consciousness. What was true of China as a whole was even more true of North China, because here the pressure of the Japanese was greatest; for the first time in Chinese history the fate of the government was bound up with the active cooperation of the people. The gap between government and people had to be closed if there were to be any land or people to govern. This logically involved for the Border Government the birth of new political institutions, the development of national feeling and political consciousness among the peasantry, the creation of a popular army and of a new attitude toward armies among the people. The farmer who formerly had fled at the sight of Chinese troops, and who expected nothing but expropriation of his goods and property from a military which did not defend him in the hour of need, must now be persuaded to feed, house, and inform guerilla units, whose mobility and effectiveness would depend entirely upon the goodwill of the villagers. The army, therefore, must be the people; the people, the army; and the people must both understand and share in government.

### *3. Policy and Achievement*

The character of the Border Government can best be understood in the light of its own analysis of its strategy. Its aims, put in the order of their importance, were political, economic, and military. The first task, contrary to the view of foreign military experts, was to build up a new political and economic base from which guerilla warfare could be conducted. Political work included laying the foundations of government among the people

through the development of political consciousness and popular participation in administration. This was done through propaganda, mass organizations, the press, education, and the theater, as well as through the elimination of banditry and the training of new armies. If the chief political aim was to secure cooperation of the people, the chief economic aim was to prevent their cooperation with the Japanese. To the Border Government the economic struggle with Japan took precedence over the military. Accepting in advance the fact that China could not defeat the Japanese armies in the present stage of the war, the Border Government sought to undermine Japanese military strength by eliminating all possibility of economic profit resulting from military occupation. The objective was not so much to drive the Japanese from the towns and railways as to compel them to bring in more and more troops to defend them, thereby increasing the economic burden of supporting an army of occupation without increasing opportunity for economic exploitation. Hence, a determined effort was made to establish a kind of economic blockade of the railways and to prevent the production of such raw materials as the Japanese desired and might utilize. Military activity, except for occasional desperate efforts to aid the central armies by creating a diversion in the North, was a function of political and economic policy. Attacks on the railway were designed to be only of sufficient strength to compel the Japanese to maintain their garrisons, expend money on maintenance and repair, and lower Japanese morale. They were never intended to lead to the recapture of cities which could not be held against the superior forces that the Japanese might put in the field. From the point of view of the Border Government, therefore, the charge made by many, that guerilla warfare had failed because the Japanese had been able to maintain their communications, implies a complete misunderstanding of the objectives in view and a misconception of the function of guerilla warfare.

The attempt in the summer of 1938 to organize an uprising in East Hopei which would divert troops from the Central China front and delay the fall of Hankow provides an excellent example of the principles of guerilla warfare. After the failure of this insurrection, General Lu Cheng-chao, one of the central Hopei military leaders, wrote a small pamphlet (this pamphlet of some twenty pages, about three inches square, was

roughly printed, in Chinese, and distributed among the people under the Border Government) in which he analyzed the reasons for the failure. (For an account of the Japanese military campaign, see page 41.) This remarkable document first gave an account of the way in which the Japanese governed East Hopei, how they were building a network of roads, airfields, telephones, and establishing a system of espionage. The Japanese, so General Lu asserted, had garrisons in all important cities. They had lowered the standard of education and begun the task of destroying Chinese culture. They had introduced worthless paper money, encouraged the spread of narcotics, both for the sake of profit and to eliminate the spirit of resistance. Open smuggling flooded the area with cheap goods. The people of East Hopei accepted "dishonorable ease," partly because they were powerless, partly because they were duped by the "false doctrines" of the Japanese. Since Lukouchiao, financial necessity led the Japanese to increase taxation. The rich, according to General Lu, were forcibly kidnaped and held for ransom. Fear of the spread of the resistance led to the confiscation of guns and to indiscriminate slaughter. Atrocities stimulated the fire of resistance. The underlying causes of the insurrection were "the lawlessness of Japanese and Korean *ronin*, traitors, bandits, and Japanese spies; the hard life of the people as a result of the paper notes, increased taxation, public arrest, robbery and floods; the deepening of terrorism, due to confiscation of guns; the drilling of young men; slaughter and blackmail, and the "slave education." But the immediate cause of the insurrection was the ambition of the Eighth Route Army operating from its newly created base, the Border Government, to extend the Sino-Japanese war, deepen the political consciousness of the people, increase the spirit of resistance, and capture this important strategic base from the Japanese.

Some of these objectives were achieved, but the guerilla armies were ultimately forced to retire, at heavy cost, to the west of Peking. Why had the insurrection failed to wrest control of East Hopei from the Japanese? According to General Lu, the main reasons were lack of political and military cadres, lack of new political arrangements for the restoration of social order, and lack of mass organizations, which meant that power could not be concentrated. Furthermore, owing to hasty training, the morale of certain guerilla units was poor. The Japanese were

not slow to use this as evidence against the guerillas, thus making the cooperation of the people the more difficult to secure. In order to establish a base for guerilla warfare in East Hopei, the first task was to increase military and political education, both in quantity and quality. Only experienced leaders and troops of good morale must be used. There must be a central command, instead of several independent units. Traitors must be eliminated. Mass organizations of workers, farmers, women, and youths must be developed; otherwise, anti-Japanese plans in East Hopei would be castles in the air. In other words, long preparation and competent organization must precede any effort to retake East Hopei.

This desperate effort cost the people of East Hopei very dear; it showed that the peasantry of North China cannot be organized in support of Chinese resistance without undergoing considerable political training and receiving some tangible benefits from government. It is difficult to see how the Border Government could ever have established itself if it had been subjected in its early days to such violent military measures as the Japanese took in East Hopei within a few weeks of the beginning of the insurrection.

#### *4. Government and People*

The Japanese, however, made the fatal mistake of giving a breathing space of some nine months to the Border Government. This left time for an harmonious relationship between the government and people and particularly between the civil and military authorities—something the Kuomintang never successfully achieved—to be established. Before the war, civil chairmen of provinces failed because they had responsibility without power, and military governors paid little attention to the needs of civil government. The Border Government succeeded partly because the military officials were exceptionally politically minded, being old Communists; partly because the civil officials were military minded, young, progressive, and incorruptible; partly because the proximity of the Japanese made it easier to cooperate against a common enemy. Harmony at the top soon reflected itself in excellent relations between army and people, one reason for which was that the guerillas came from the people, probably not more than one per cent being old soldiers. A new set of habits has therefore been born;

peasants who formerly ran away when Chinese soldiers approached their villages changed their attitude toward the new armies—their brothers, cousins, fathers, and friends. The spirit of the movement, almost a crusade, was developed by the guerilla songs, which were sung by generals and school children, tenants and landlords, gentry and magistrates, school teachers and merchants. It was echoed in new propaganda plays, which have the saving grace of humor besides their didactic purpose.

Characteristic of the Border Government's reforms was the reorganization of the military branch. Soldiers of the former provincial armies were not encouraged to re-enlist because they had bad habits, too well ingrained to be easily changed. Most of the rank and file of the new guerilla troops came from farms. That part of the army stationed to the west of the Peking-Hankow Railway was officered by Eighth Route Army men, who had had considerable experience both in administration and in fighting. To the east of the railway, in Central Hopei, most of the officers were former students, school teachers, peasants, etc., more often than not men without military experience. While the two groups of officers differ in training, experience, and, consequently, in effectiveness, their social origins are probably comparable. There is, in each group, a fair number of former students who are members of old landholding and official families.

Good relations between army and people are protected by an excellent supply system, based on the principle that the army never gets supplies directly from the people. The Government buys grain and stores it on the spot; the supply officer of any army unit in the district applies to the civil authorities from whom he receives provisions. Four receipts are made out: for the civil authorities, the supply officer, military headquarters, and the Government. As transactions are usually in public and each unit has a definite allotment of grain, to say nothing of the fact that an economic committee examines accounts every week, it is probable that corruption is made very difficult. There is strict enforcement of the rule that anyone guilty of even the smallest speculation should be shot.

Education likewise underwent far-reaching changes. There is now a certain amount of popular education, all school fees are abolished, and teachers get the same salaries as other

Government servants. It is claimed that every child now has the opportunity, of which he cannot necessarily take advantage, to go to school. On the other hand, the distinction between education and propaganda has practically disappeared and textbooks are almost entirely devoted to the struggle with Japan. Groups of school children march from village to village to give plays, sing songs, shout slogans; some even help in espionage. Primary school children are enlisted in the fight against illiteracy and many teach their parents at home in the evenings. Over twenty thousand adults, it is said, are already using the first books, which contain some five hundred characters. As the army and small munitions factories need technicians, the schools are turning more to vocational training. Whatever else may be said of the new education, it is designed for a very practical purpose and there is no contradiction between thought and action.

While there have been no great institutional changes in the administration, there has been a considerable change in the composition of the bureaucracy. Of twenty county magistrates interviewed, not one had been an official before and few were as much as thirty years of age. These men come to their tasks with high ideals, good education, and tenacity of purpose. They eat abominable food, receive nominal salaries, and own little more than the clothes they stand in. The highest pay for a magistrate is eighteen local dollars a month, without food. The general situation, including the spirit which goes with guerilla warfare, and the change in men, have produced a new spirit of comradeship between magistrates and members of the Border Government, which seems to have led quite spontaneously to the custom of calling conferences every two months between groups of magistrates. Here they report on the work they have been doing, discuss methods of administering the Government's policies, and pass on suggestions or criticisms to the Government. This new institution is clearly excellent for morale; it is a possible contribution to the fabric of a democratic China.

Those interested in problems of the institutional basis of democracy in an agrarian country will watch the growth of another of the Border Government's experiments, the attempt to establish democratic control over every administrative unit from the village to the Government itself. The Border Poli-

cal Council, which meets twice a month, claims to have real authority over the Border Government. Its sixteen members include representatives of the military, the gentry, the mass movements, and the Government. They discuss all important questions and reach decisions by majority vote. Parallel to this there is a Political Council in each county and a similar organization for the districts. It is hoped that in the future the same method can be applied to the village. At present the functions of county and district councils are limited, apart from purely local matters, to executing policies decided on by the Border Political Council. These institutions apparently have no legal basis beyond that of the Border Government, but this does not mean that they may not become permanent. Although it is too early for definite conclusions, it is here that any conflict between the military, the gentry, and the mass organizations will show itself. It is interesting, for example, that the gentry should appoint representatives as a class, a decision probably based on the fact that those who do not themselves till the soil are not allowed to join the Farmers' Union.

The most spectacular, and in some ways the most permanent step toward an institutional basis for democracy has been the encouragement of mass organizations, most of them spontaneous in origin, particularly the Village Mobilization Committees, which carried on the work of civil government during the interregnum between Lukouchiao and the Fuping Conference. When normal administration was restored, they were abolished. On the other hand, the Farmers' Union, Merchants' Association, and Women's Association have been encouraged, and their growth has made it quite clear that the people are willing to take part in political life if given the chance. To these must be added the Workers', Teachers', and Youth Associations, which the Government hopes will confine themselves to executing Government policies and to purely anti-Japanese activities. The help that the farmers give to the army, both in labor services and by increasing the production of food, is encouraged by the government. The villagers carry out the passport system and search for traitors with marked enthusiasm. The Workers' Associations enjoy the right to strike and to an eight-hour day, but demand the privilege, it is claimed, of working longer hours in order to produce more munitions, an attitude which indicates a proper understanding of the



United Front. It was not to be expected, however, that peasants and workers, once they were allowed to organize, would limit their ambitions to carrying on the war. The test of the United Front is whether it can maintain the cooperation of all groups and at the same time permit some redress of the undoubted economic grievances of the peasants of Hopei and Shansi. Will there be political cooperation between the army and the gentry or between the army and the mass organizations? Up to the present the Farmers' Union, in particular, has been subjected to intensive "political education" in the form of advice from higher officials when it has tried to gain economic advantages from the landlords. Even the growing pains of democratic institutions have not been allowed to disturb the harmony of the United Front of all classes.

All this does not amount to real democratic government. The Border Government actually relied on a set of symbols, democratic in nature, in terms of which guerilla warfare could be organized. These symbols secured the consent of the population as a result of intensive propaganda. But by the nature of the situation, they were not entirely without content, for it always remained true that guerilla activities could not be carried on without the active cooperation of the people. And it was important for the future that there were democratic symbols. In practice administrative reform came first where it was needed, at the top. Improvement in provincial and county administration has not been matched in the districts and villages. The peasants still leave much to be desired in their anti-Japanese spirit and activities; in fact, the energetic establishment of sound government has in itself proved an obstacle, for, when the peasant is free from Japanese and bandits, and is reasonably taxed, there is little more that he asks. Nor is it as easy to bring new blood into the districts and villages, which elect their own officers, as into the counties where there is direct Government appointment. The highest officers of the Border Government are aware that the district and village administration will not be equal to the tasks expected of it until this problem has been solved as effectively as in the higher ranks of provincial government. The abolition of Village Mobilization Committees has left a vacuum which the Government is trying to fill by establishing village centers for locally elected committees with power to arbitrate in the local

districts, execute Government economic policies, attend to communications, suppress corruption, and join in the campaign against illiteracy. It is hoped that more capable men will thus have an opportunity to take part in local administration. It is planned to extend the idea, successfully tried in several Shansi villages, throughout all counties controlled by the Government. No Chinese Government has yet succeeded in reforming the district and the village, but the response which the Border Government has already received from the peasantry in the conduct of the war gives grounds for some confidence in the success of its attempt to solve this, the most fundamental, problem in establishing a democratic China.

In the meantime, while the cooperation of all classes can be encouraged by propaganda and reinforced by new institutions, it must rest on firm economic foundations. The main aim, the prosecution of the war against Japan, must be kept in view; but as the attitude of the peasant will determine victory or defeat, it is largely with his problems that the Government must be concerned. Immediate abolition of the multitude of miscellaneous taxes which had accumulated on the land tax proper, and reduction of rents by twenty-five per cent, not only accorded with previous decisions of the Central Government but also softened to some extent that class antagonism which some of the younger members of the Eighth Route Army were anxious to encourage but which the leaders thought incompatible with the United Front. (Border Government regulations on rent collection were as follows: (1) All rents shall be reduced uniformly by twenty-five per cent, except those of the families of anti-Japanese volunteers, which shall be reduced by fifty per cent. (2) Of rents collected by temples, twenty-five per cent shall be canceled, twenty-five per cent shall go to the monks, and fifty per cent to the Government. (3) If the rent on lands was collected in advance for the year 1938, the landlord shall repay twenty-five per cent to the tenant. (4) In cases where the landlord and tenant formerly shared the crop equally, the landlord shall now receive three-eighths and the tenant five-eighths.) The reduction of interest rates to one per cent per month is strictly enforced, but it is difficult to measure the economic effects of a step which has practically eliminated money-lending. Other reforms, for example the abolition of school fees and the extension of pri-

mary education, tend to decrease revenue to such an extent that the land, salt, and tobacco taxes, the main sources of revenue, have had to be supplemented by the issue of Government four per cent bonds. Customs duties on exports and imports to and from the Japanese-occupied areas helped to make up the deficit, but the budget could not be balanced without the bonds. The response, it is claimed, has been excellent and no difficulty is being experienced in raising the first two million dollars. In practice, the bonds were apparently forced on the gentry and richer merchants in public meetings by public pressure. (It was decided to issue a Government loan to replace the recently abolished system of "village contributions." Sheer lack of information makes it extremely difficult to "soak the rich" scientifically, in proportion to their wealth. Where villagers have tried to enforce this in public meetings there has been too much scope for the development of class antagonisms, which cannot be encouraged by a Government wishing to put no obstacles in the way of the return of the wealthy from the occupied areas. Many of the rich who fled to the towns last year have returned to Chinese-controlled territory, which is some evidence of the conservatism of the Border Government.)

#### *5. The United Front in Action*

The consolidation of a social basis of government depended largely on the effectiveness of the United Front policy. For political reasons it was necessary to avoid alienating the gentry; for economic reasons it was urgent to improve the system of tax collection, control prices and agricultural production, and improve, if possible, the lot of the poorest peasants. A middle course between these incompatibles was the solution, both in theory and in practice. Comparison with the earlier communist policies in Kiangsi Province indicates the measure of change which had come over communist strategy under changed circumstances. Then the pivot of propaganda had been Chiang Kai-shek and the Kuomintang, "the running dogs of the imperialists," and the chief object of attack, the landlord and the bureaucrat. Those who did not till their own lands with their own hands and those who wore the long silk gown of the exploiter were then the hated enemy. Now it was the Japanese who were calling Chiang Kai-shek and the Kuomin-

tang "running dogs of the imperial powers," while the Communists preached the necessity of scrupulous adherence to a United Front of all Chinese political parties. The pivot of propaganda on the international scale was now the Japanese army. "Down with the Japanese Imperialists! Love the Japanese People!" was the slogan. On the social front, landlord and bureaucrat were replaced by the traitor, that is, any Chinese in Japanese employ or refusing to obey the regulations of the Border Government. There was a refinement in the definition of traitor which throws much light on the character of the Border Government—any Chinese in Japanese employ at a salary of Ch.\$60 a month or less was exempt from the charge of traitorous activities on the ground that he was driven to it for economic reasons.

The necessity for subordinating the army to the peasantry was soon perceived. (See Appendix, "Privileges for the Red Army.") Whereas in Kiangsi the army had been raised in position at the expense of the people, under the Border Government the people were elevated at the expense of the army. This was one of the lessons learned in Kiangsi Province. The army was no longer on a pedestal; it was to be the servant, not the master, of the people. One of the political pamphlets issued by the political department of the government defined the Eighth Route Army as the "army not only of a class but of all the Chinese people." This was indeed a change from the Kiangsi days, when the Red Army was described as "an army to struggle for the benefit of the workers and the peasants, to help the peasant take over the land from the landlords, to assist the workers, and to resist the exploitation of the capitalists. The Red Army has for its object the downfall of the Imperialist states and the militaristic Kuomintang . . ." In contrast with this, Border Government troops, it was claimed, were given poorer food than that eaten by the peasantry, wore cheaper clothing, and gave assistance to the farmer on all possible occasions.

The Border Government was frank to admit its change in policy. (See Tao Shang-hsing, *Fundamental Problems of Guerilla Warfare*, Political Department of the Central Hopei Headquarters, March 3, 1938.) "The settlement of the agricultural land problem is a fundamental element in achieving victory in this war. Heretofore the Communist Party has advo-

cated the seizure of land from the landlords and redistribution among peasants who have little or no land. This is the most direct method for dealing with the question, but because of the national crisis and cooperation with the Kuomintang, we have given up the old policy of seizing the land directly. This does not mean, however, that the problem of agricultural land cannot be solved at this time." The farmer received more than political prestige. Land confiscated from traitors was given to poor peasants; public lands, such as they were, passed to the same hands; and the fields of landlords who had fled to Japanese-occupied cities were redistributed, although the original owner, should he return and throw in his lot with the guerillas, could reclaim his property. If the claims of the Border Government are true (based on statements made to the writer by Government leaders at Wutaishan, August, 1938), somewhere between ten and twenty per cent of the land under its control had been redistributed. The importance of this in developing the social base for government is obvious. It is highly improbable that the regulations regarding rent were strictly enforced or that the resolutions of the Fuping Conference relating to the alleviation of debts were completely carried out. (According to the Fuping Conference it was decided that neither principal nor interest should be repaid on old debts. Owing to opposition on the part of the creditors this was later changed to a three-year moratorium on debts, during which time interest should be paid at the rate of one per cent annually.) But something does seem to have been done toward changing the system of land tax assessment and collection. The number of land tax collectors was reduced, and the installation of new magistrates, coupled with harsh penalties against speculation, seemed to most observers to have brought about an entirely new spirit in land administration. The chief change, apart from personnel, was the imposition of a new principle of assessment, the principle of the sliding scale, deliberately designed to put the main burdens on the rich. Many of the poorer peasants were exempt from all direct taxation, although they did not escape from the indirect taxation consequent on the establishment of a protective tariff system. (In one district families receiving less than ten *tan*, 1,350 lb., of grain a year were exempt from taxes; families receiving from ten to thirty *tan* were to contribute five per cent to the government granary. The assessment rose progressively.)

The economic policy of the Government appears to have been effective enough to keep the United Front together because the Border Government has survived very severe pressure by the Japanese. The loyalty of the peasantry can apparently be counted upon, in spite of the fact that the farmer is carrying heavier loads than he did before the war. For this, however, the Japanese are blamed. The gentry who remained were compelled to give up a fair proportion of their incomes and property for the conduct of the war, but in return received public respect and a certain political influence. Those who fled were of no assistance to the enemy; nor were they regretted by the Border Government.

All these measures must be set against a background of action which was not described in paper regulations. The loyalty of the peasant derived not only from the new economic policy, but also from the new political treatment. It was the respect and consideration shown him by his new rulers which counted most. The manner in which new laws were applied, rather than the laws themselves, finally determined his attitude. A great deal of time and energy, and a tremendous amount of careful planning, were spent on the problems arising out of the strategies of guerilla warfare. Peasants were instructed where to keep their grain, what to do with their property and with themselves, in case of invasion. Plans for the feeding and housing of refugees and for settling them on new land were worked out in great detail, for the cooperation of the peasant had to be kept at all costs.

Vigorous efforts were all the more necessary to secure this goodwill because there were many policies which required the cooperation of the peasant, but did not work out to his immediate advantage. The decision to control, rather than abolish, "foreign" trade between Chinese-controlled areas and the Japanese railway zones was bound up with external rather than internal considerations. In order to achieve the general aim of economic policy, to prevent the Japanese from deriving any economic profit whatsoever from North China, the Government was compelled to limit foreign trading operations to one large state-controlled commercial company, several *hsien* cooperatives, and one or two well-established private concerns. The ordinary merchant, therefore, was cut off from import or export trade, and the peasant was held within the grip of a regulated price system. In order to prevent the Japanese from exchanging

their paper money, the Federal Reserve Bank Notes, for goods, the government had to see to it that imports and exports between its own territory and that controlled by the Provisional Government, should balance. Regulation of external trade involved regulation of internal trade. However much the government leaders might wish to avoid detailed control over every aspect of economic life, and hence possible conflict with merchants and peasants, it was obviously impossible to oppose the Provisional Government on any other terms. The establishment of purchasing and selling monopolies, of state-controlled banks, for example, in Peking, could be answered only by similar measures in the hinterland. Such tendencies had serious consequences for the Border Government, in that the execution of complex economic regulations involved the reform of district and village administration at a rate more rapid than was perhaps politically desirable. There arose the danger that the rapid extension of the economic power of the Government might outrun the growth of political institutions or political consciousness on the part of the people, leading, therefore, either to a breakdown in administration or to the collapse of any pretense at popular control.

An economic policy amounting to virtual blockade of the railway areas is possible only in a country where the railways are not of vital economic importance. As the Japanese method of conquest had done much to dislocate the ordinary channels of trade, much of the responsibility for economic loss consequent upon this forceful severing of the ties between the railways and the countryside in no way devolved upon the Border Government. It would be idle to suggest that the railways of North China could be removed from the economic system without causing dislocation of economic life far into the hinterland. But, apart from the cotton question, it was apparently possible for the Border Government to ignore the railways, at least to the extent of building up an economic system to all intents and purposes independent of them. Reluctantly accepting what it could not prevent, the sale of the 1937 cotton crop to the Japanese (This cotton crop came mainly from Central Hopei. The Border Government attempted to tax the cotton on its way to the railways, but the peasants avoided most of the taxation), the Border Government immediately took measures to reduce cotton production by about 70%, using the land so released for the production of

food. This change did not raise the standard of living of the peasants. On the other hand, there was no problem of unused land; what the peasant did not receive in cash for his cotton crop, he at least got in food for his family. There was no such easy solution for the merchants and manufacturers. In Kaoyang, a big cloth-weaving town in Central Hopei about thirty miles from the railway, the Chamber of Commerce estimated that manufacturers of cloth lost one million dollars in the first year of war, while indirect losses to workmen must have been around ten million dollars. The Government had no suggestions for reopening these modern factories. In fact, the growing enthusiasm for the development of handicrafts, such as weaving, set up direct competition with factory-made goods. Exporters of various minor products also suffered. It is impossible to estimate the economic effect of the war upon the whole area, but it is clear that although the railway served the hinterland, the two were not indissolubly connected. It was not too late for an economic system, independent of the railways, to be built up in North China. If the Border Government's analysis of the situation was sound, the Chinese were in a better position to put pressure on the Japanese economic system than were the Japanese to compel Chinese economic life, as they had hoped, to revive around the towns and railways they had occupied. Failure to prevent the Border Government from carrying out its policies would mean that the Provisional Government and the Japanese army would be forced to feed and supply every inch of territory under their control. This accounts for the desperate efforts from October, 1938, up to the present time to smash the political and economic power of the Border Government in Central Hopei and the Shansi area. These efforts have failed to date to destroy completely the fabric of organized Chinese resistance, but they have mutilated the ordinary processes of life in the hinterland, and the destruction of life and property they involved have made the task of the Border Government both easier, in that enraged peasants have rushed to join the army, and more difficult in view of the economic loss, the interruption in communications, education, and political organization. What the Border Government has lost on the military and economic fronts, it has gained on the political.

In the struggle for government, the Border Government more than held its own, against its rival. On the positive side it



represented the front line of Chinese resistance and kept alive the flame of hope among the population of the north, which by force of circumstances remained within the completely occupied areas. It laid the foundations, in the hinterland, for the emergence of a new society on a military-agrarian pattern, a society in which peasant nationalism could arise with democratic symbols of political obligation. While it is true that the future of this government depended on the continuation of resistance in the remainder of free China, at the same time the life and institutions of free China could not fail to be modified by the new social and political developments which were taking form in the north under the urgent pressure of necessity. On the negative side, the Border Government provided a buffer state between the Provisional Government and the régime of the Eighth Route Army, which is based on the northwest provinces, it prevented the political and economic exploitation of North China outside the railway zones, it discouraged the activities of traitors and helped to prevent competent Chinese from working for the Peking régime. By the mere fact of its existence it undermined the claims of its rival to complete domination of the northern provinces. Most of all, the Border Government turned into an active political force that mass of peasantry which the Japanese had expected to accept the conquest with sullen acquiescence.

It was this revolution in the attitude of the peasantry which presented the Provisional Government with its most difficult and most unexpected problem. Put in its simplest terms, the struggle for government resolved itself into an attempt on the part of the Border Government to arouse, and the Provisional Government to repress, peasant nationalism. The Provisional Government, therefore, was always at a disadvantage because peasant nationalism was not the type of movement which could be diverted into other channels; it simply must not exist. It was no accident that terrorism was the chief weapon employed against the villagers of North China. Destruction of property and indiscriminate slaughter of civilians was expected to serve two purposes; to eradicate those who had already listened to the Eighth Route Army and to discourage the rest from welcoming "dangerous thoughts." There was no effective answer to an aroused peasantry, except force. The Provisional Government in its propaganda made little or no attempt to appeal to those

whom it did not have the power to coerce. Such an effort would have been vain, indeed, not only because there was no basis on which an appeal could be made to peasants who had already come under the influence of the Eighth Route Army, but also because the physical and intellectual communications for the making of such an appeal were not in Japanese hands. In this struggle for political allegiance, the Provisional Government fought with its hands tied behind its back; it had no political weapon. This made it all the more necessary to rely upon military force and economic pressure, and in the economic struggle the Provisional Government had weapons which, compared with those of the Border Government, were very impressive. It is important to realize that the direction of economic policy was determined in large measure by the political aim of suppressing, or at least undermining, the Border Government.

## CHAPTER VI

### THE STRUGGLE FOR GOVERNMENT—ECONOMIC

The economic and political aspects of the struggle for government in North China can be separated only for purposes of analysis; in reality, the war is being fought on all fronts at the same time. It is a totalitarian war under very primitive conditions. The Border Government, in the conduct of the war against Japan, considered its economic blockade of the occupied zones as an objective to which purely military activities should be subordinated, while the Japanese expected that military occupation of the railways and big cities would give them such a strangle-hold over the economic life of China that Chinese resistance would founder on the rocks of economic bankruptcy and isolation.

In attempting to describe the economic developments which took place between the opening of the war and the emergence of the Wang Ching-wei régime in Nanking, March, 1940, it is therefore inevitable that the economic struggle between the Border Government and the Provisional Government should be considered of primary importance. The first task of the Japanese was to prepare and consolidate the conditions necessary for profitable exploitation, if that were possible, of the resources of North China. Contrary to their expectations this task was not only uncompleted by the spring of 1940 but was both qualitatively and quantitatively a much more difficult problem than in December, 1937, when the Provisional Government first came into being. From the Japanese point of view the attempt to set up these conditions included operations on two fronts, an internal front against the organized opposition of the Chinese, and an external front against British and American interests, especially in the port cities such as Tientsin and Tsingtao which stood in the way of Japanese economic monopoly in North China. The Provisional Government provided the chief political weapon for the first; the new Central Government under Wang Ching-wei is intended to be the chief instrument for the accomplishment of the second.

These factors provide the setting for an examination of the Japanese efforts to secure immediate profit out of conquest and to lay down long-term plans for future exploitation. The economic pattern in North China, from the point of view of the Provisional Government, reduces itself to an economic struggle with the Border Government and the foreign powers, in an effort to establish the conditions under which the plans which have already been drawn up can be put into practice. This is the general picture in spite of the fact that there has been some profit from short-term exploitation of the purchasing power of North China, and considerable expropriation of Chinese financial, industrial, and commercial institutions and resources.

### *Economic Conflict with the Border Government*

The internal economic struggle, the attempt to cope with the economic blockade of the occupied zones by the Border Government, consumed most of the energies and resources of the Provisional Government. This unanticipated factor can best be appreciated, perhaps, by recalling the background to Japanese ambitions in the North. The Japanese have always been frank about their economic aims in North China. They have stated time after time that they considered North China to be an essential partner in the Japan-Manchukuo economic bloc. Apart from all political ambitions on the Asiatic mainland, Japanese industrialists and capitalists have long desired direct access to the mineral resources of the northern provinces which, if fully exploited, would do much to supplement Japanese requirements in the way of coal, iron ore, and raw cotton. Only last year the China Incident was justified in the *Japan Chronicle* (January 5, 1939), on the grounds that the Japanese tried, but failed, to cooperate with Chinese capitalists to develop the iron ore mines on a 49-51 basis (Chinese to provide 51 and Japanese 49 per cent of capital), because of the opposition of Nanking. Whatever the part that this factor played in bringing on the war it is perfectly true that Nanking was reluctant to cooperate with the Japanese on the grounds that economic cooperation, as understood by the Japanese Government, would involve political control. In fact, desperate efforts have been made to establish such political control over the provinces of North China from 1933 onwards, particularly in 1935 when Doihara's five-province scheme' finally resulted in the establishment of the

Hopei-Chahar Political Council. These efforts helped to bring on the war because there was no possibility of Sino-Japanese compromise on the economic future of North China. From the Japanese point of view, the Hopei-Chahar Political Council was a political instrument both ready and willing to carry on Japanese plans for economic development; from the Chinese point of view it was a necessary compromise with Japanese imperialism, accepted because of military weakness. The Chinese Government used the Hopei-Chahar Council as a buffer between it and the Japanese and protracted negotiations over inevitable economic demands in order to gain time. Nanking fully realized that the mineral and other resources of North China formed such a large proportion of China's total resources that to surrender economic and political control over North China to a foreign power would be tantamount to accepting military defeat in advance. When pressed with demands General Sung Cheh-yuan, Chairman of the Political Council, in order to evade the issue, retired to his native village "to sweep the graves of his ancestors." Such tactics inevitably exasperated the Japanese who spoke of "Chinese insincerity." They soon came to realize that as a political instrument the Political Council would not serve the ends for which it was set up.

Those ends, at least on the economic side, were clear. First, they included complete Japanese control of the means of production and the economic development ~~of the~~ North China provinces. Second, North China was expected to be a market for Japanese goods; hence the impossibility of permitting the continuation of competing British and American trade through the North China treaty ports, and the desire to extend to this area the conditions already established in Manchukuo. Third, North China was also expected to provide essential raw materials for Japanese industry; hence again the desire to eliminate British and American capital from the exploitation of these resources. Lastly, the carrying out of such plans naturally involved the existence of a Chinese administration both capable and willing to cooperate, as well as a population whose purchasing power would not be diverted to the goods of other countries because of anti-Japanese feeling. Unable to secure modification by diplomacy of British and American economic competition which Japan did not have the resources to meet, and equally unsuccessful in securing a Chinese local adminis-

tration subservient to its wishes, Japan felt herself compelled to oppose both Nanking and the foreign powers by military action. But a government set up by military conquest, for example the Provisional Government, differs very widely from one set up as a result of diplomacy, such as the Hopei-Chahar Political Council. What the Japanese gained in the subservience of the puppet régime, they lost in the disobedience of the people. Whereas the writ of the Hopei-Chahar Political Council had run over the whole of those two provinces, the writ of the Provisional Government ran no further than the area controlled by the Japanese army. In fact, within six months of the occupation the economic and political picture had been revolutionized.

This economic revolution arose mainly out of the policies of the Border Government. The Japanese soon had to cope with a well-organized effort to reduce the cotton-growing area in Hopei, to prevent use of mines, to destroy communications, to regulate trade between the occupied and unoccupied territories in such a way that the Japanese should not be able to purchase goods of military value or make a profit out of their paper currency, and to limit the tax-paying basis of the Provisional Government to the Japanese occupied cities and railway zones. If successful, this Chinese policy of bifurcating the economic life of North China would undermine Japanese hopes of economic exploitation. In this situation a very important consideration was the extent to which the hinterland depended for its economic prosperity upon the cities and railways. This is a matter which cannot be reduced to exact figures but to which certain tests can be legitimately applied. An examination of the amount of foreign trade carried on through the North China ports indicates to some extent the degree to which the economic life of the hinterland was geared to world markets. Exports included not only the handicraft production of the big cities but also raw materials, such as cotton, furs, hides, pig bristles, peanuts, and wool. Cash crops, especially cotton, were obviously of great importance to the farmer, linking his fortune, to a degree far beyond his knowledge, to world prices. Taken as a whole, the northern provinces were obviously not self-supporting; they imported wheat and rice, a long list of manufactured articles, oil, kerosene, and matches. There was a *prima facie* case, therefore, in favor of the Japanese argument that seizure of the cities

and railways would give Japan an economic stranglehold over the northern provinces.

The course of events has belied this judgment, not so much because of economic as of political miscalculation. The Border Government, contrary to Japanese expectation, has broken down the economic picture sufficiently to create an economic basis for government more or less independent of the railways and cities. That this has been accomplished shows that economic development of North China was not sufficiently advanced to prevent the hinterland, given political leadership, from reverting to partial self-sufficiency. It must not be supposed, however, that the Border Government has either accomplished or even desired complete economic isolation, for their policies have been designed to regulate rather than abolish trade between the hinterland and the cities. Fairly effective underground organizations were set up to secure through the Tientsin Concessions such essential supplies as matches, stationery, kerosene, radio parts, telephone equipment, and certain chemicals. These were all paid for in national currency. Nor was trade between the railways and the hinterland entirely abolished; rather it was regulated in such a way as to prevent the export of certain materials to the Japanese and to permit the entry of certain goods which the Chinese themselves could not produce. Certain guerilla units in Shantung Province wore uniforms manufactured from Japanese textiles, and ran their ~~motor~~ trucks on gasoline purchased from Japanese firms in Tsinan. Although most of the cotton crop was ploughed under and the soil used for food production, limited quantities of cotton and other raw materials were allowed to be exported if the Border Government were reasonably certain that they would be handled by non-Japanese firms. (It has been pointed out elsewhere that the Border Government failed to control cotton exports in the first year, 1938, but succeeded in 1939.) From all this it is clear that the economy of the hinterland was not entirely divorced, from either the railway cities or the treaty ports.

Such was the problem the Japanese had to contend with—a bifurcation of the economic life of North China. They met the situation in various ways, most important of which was, necessarily, the attempt to smash the Border Government. When this did not bring the desired results, the Japanese were compelled to supplement military force with the same weapon the

Border Government was using, the imposition of a partial blockade upon the hinterland. No efforts were spared to prevent the sale of arms and ammunition, medical supplies, chemicals, and machinery to the guerillas. These measures were backed up and enforced by the imposition of a strict passport system and inspection of baggage at all points of entry and exit. Anyone caught in communication with the enemy, no matter what his nationality, was subject to the death penalty. While these measures did not entirely prevent, they did seriously limit, the passage of these supplies to the guerillas. No ban was put upon the sale of other Japanese products to the hinterland, for after all, one of the chief objects of conquest was the extension of Japanese trade; but on the other hand, sale of such goods was limited by the partial blockade imposed by the Border Government. Neither side wished to buy what the other was willing to sell, but as the frontier between the areas controlled by each government was both long and ill-defined and as the Border Government was willing to purchase English and American goods, and even certain Chinese goods manufactured in the occupied zone, it is not to be wondered at that considerable trade continued which neither side had the power to prevent. Economic dislocation, however, was severe enough practically to eliminate the sale of Japanese goods in the hinterland and to reduce considerably the export of raw materials through Tientsin.

One of the chief economic weapons used by the Japanese in this conflict was the new currency issued by the Federal Reserve Bank of the Provisional Government at Peking. The reasons for the establishment of the bank were not all connected with the struggle against the Border Government. They had to do with the attempt to control foreign trade with North China, with the financing of the Provisional Government, and the Japanese Army, with the effort to secure Chinese currency and silver reserves in the north for foreign exchange, to say nothing of the raising of an indirect indemnity. In addition the new currency was obviously designed as an economic weapon against the hinterland; it was a large-scale application of Gresham's law, encouraged by force. Failure to control the interior meant that the Provisional Government did not exercise authority over an area wide enough to provide any great revenue from taxation. The new currency was expected to finance the new



government, to undermine Chinese morale by attacking the national currency, and to secure raw materials at no greater cost than that of printing notes. The new money was backed up by every device at the command of the Provisional Government.

Strong punitive action taken against anyone carrying or using the old national currency after it had been officially declared illegal on March 10, 1938, insured the circulation of the F.R.B. notes in all areas under Japanese control, except in the foreign concessions, but did nothing to extend their use beyond these areas. (See Appendix.) In fact, the severity of the punishments meted out by the Provisional Government for those using national currency and by the Border Government for those using F.R.B. notes, helped to establish an economic frontier between the two governments, and to that extent assisted the Border Government by providing it with a ready-made test of political allegiance. The F.R.B. currency was not built up as much at the expense of the national currency as was hoped, in spite of the fact that the old notes disappeared completely from use in the big cities. Those of limited means were compelled to exchange the old money for the new, but those who could afford to do so hid their reserves of national currency. It is unlikely, therefore, that the Federal Reserve Bank secured any very impressive amount of national currency, which could be used to get foreign exchange, in return for its own notes. Nor was the expectation fulfilled that rising prices due to inflation would attract goods from the interior; the actual effect was to compel the Border Government to institute price control and take sterner measures to regulate trade. The inflation had much more serious consequences in the occupied zones. A certain amount of inflation has naturally followed the issue of the new notes. Using 1936 as the base year (month of December), the cost of living index number rose from 100 to 112 up to December, 1937. From December, 1937, to December, 1938, it rose to 136. These figures are based on salary groups of Ch.\$100 per month and less. One reason why the figure has not risen more is that prices have not risen so much, quality has gone down: the people eat less or worse quality food. Prices have risen much more than these figures would seem to indicate because people in this group would not consume many eggs, much flour, coal, etc., all of which have increased enormously in price. According to the *Yenching Index Numbers*, published monthly

by the Department of Economics, Yenching University, Peking, China, the Peking Cost of Living Index rose to 393.6 in February, 1940. (The year 1936 is used as the base year in these calculations. That is, 1936 equals 100. The greatest advance was for food, the index for which was 431.2, as compared with 260.8 for the previous month of January.)

Further measures to extend use of the Federal Reserve Bank currency included establishment of branches of the Federal Reserve Bank in every important city occupied by the Japanese, and promulgation of propaganda to the effect that the national currency was falling rapidly in value. The campaign against the British Concession to compel it to give up the use of the national currency and disgorge the silver reserves held in French and Chinese banks gathered momentum, but did not break out into full fury until 1939. (See Appendix.) On August 7, 1938, the Provisional Government issued a decree fixing the value of all paper notes issued by the Bank of China and Bank of Communications in North China at 90% of face value in relation to Federal Reserve Bank notes. On January 1, 1939, another decree put the old legal tender at 40% face value as from February 20. On March 10 the old notes ceased to be legal tender. In the British Concession at Tientsin and the Legation quarter in Peking, where a free market was maintained, the F.R.B. notes remained at a discount, at one time reaching 30%, to Chinese national notes. Only during the blockade of the Concessions in 1939 were the F.R.B. notes forced up to a premium. But by the end of the year they had once more dropped to a discount. By 1940 the note issue had risen to something between F.R.B. \$400 and \$600 million, thus creating inflationary conditions so serious as to raise the problem of the revaluation of this currency on a lower level.

It was clear by the spring of 1940 that the F.R.B. notes had failed as a weapon against the Border Government and created for the Provisional Government a financial problem extremely difficult of solution. The failure of the new currency must be attributed mainly to the lack of confidence shown by the Chinese population and the inability to destroy popular preference for the national currency by coercive measures or to extend use of the new notes beyond the range of Japanese bayonets. For this popular resistance the Border Government, at least so far as the north was concerned, is partly responsible; there were

millions of dollars' worth of national currency concealed by Chinese in Peking and other cities, but there was hardly any F.R.B. currency in the area controlled by the Border Government. At the same time it was highly important that the United States, Britain, and France continued to support the Chinese national dollar and accept it as the sole legal tender in China. The continued use of the national currency in the Concessions at Tientsin was one of the main factors undermining the confidence in the F.R.B. experiment. (See below for discussion of Concessions.) The economic struggle with the Border Government, therefore, led naturally to economic blockade of the Concessions.

Economic conditions in North China, after two and one-half years of Japanese occupation, are still chaotic. Production of mines, factories, and fields is certainly not up to the 1937 level. There has been flood, famine, unemployment, and rising costs of living. In answer to the Japanese efforts to govern the people and exploit the resources of the north, there has arisen a rival government pursuing antagonistic policies and waging a relentless economic war to within sight of the walls of Peking. Far from weakening its rival, the Provisional Government has finally come to accept the Border Government's view of the war. In April, 1939, the *Japan Chronicle* gave an excellent explanation of why the theory of lightning war in China had failed: "Once upon a time it was thought that railways were the true nerve centers; hence, the suggestion after the Lincheng bandit affair that a foreign officered railway gendarmerie would be able to control the country and put an end to the incessant wars of the Tuchuns on which China's energy and resources were so tragically dissipated for years. It is now seen that control of all the major transportation arteries, not the railways alone, is hardly sufficient. More and more, the war in China develops peculiarities of its own, for it is incontestable that the issue, right in China itself, is becoming as much a matter of economic phases—by which is meant the attempt to rehabilitate the occupied areas and the guerilla efforts at sabotage—as it is of gun and rifle on the battlefields." (*Japan Chronicle*, April 13, 1939.) In spite of economic and military efforts, against it, in spite of the occupation in 1939 of most of the *hsien* cities of Hopei, and of many in Shansi, the Border Government continued to thrive, and to enforce its own policies.

At the same time it is undoubtedly true that the chief sufferer was the farmer; each side hoped that this suffering could be turned to its own political advantage. The Japanese argued that the guerilla would be driven against the wall in the economic fight, and that the time would come when the farmer would decide that the war must stop. These expectations, however, were based more upon Japanese interpretation of Chinese psychology than upon economic analysis. One writer pointed out (*Japan Chronicle*, May 18, 1939) that all of the staff of the Chinese Maritime Customs had remained at their posts during the war, to collect levies and taxes for the benefit of those in occupation. Not ten men out of the ten thousand employed by the Maritime Customs had joined the Chinese army. So why should the farmer be expected to sacrifice his own immediate interest? Wasn't he likely, finally, to fight the guerilla? Experience indicates that he is most unlikely to fight the guerilla; the Chinese farmer does not fight anyone, unless he has leadership and political training. The guerillas were the only people capable of giving him either. The conclusion to be drawn, from the apparent "loyalty to the payroll" of the Maritime Customs officials, is that not all Chinese prefer economic security to political independence, but only those who have not come under the influence of the China which is carrying on resistance. The more the farmer suffers, the more he blames what seems to him the most obvious reason for his suffering, the Japanese invasion.

It is significant that for the first year or so the control of the press of North China did not admit the existence of serious opposition in the hinterland. After further concealment became useless, owing to the reports which appeared in other countries about guerilla activities, the press went to the other extreme, and enlarged upon the thousands of battles that Japanese troops were fighting in Hopei and Shansi against the guerillas. Then the army began to bolster up its courage by quoting experience in Manchuria. The veil of censorship was lifted in order to prove that problems similar to the guerilla movement in North China had been solved before. By 1939, Japanese military spokesmen were pointing out that Manchukuo was now peaceful, whereas seven years ago 300,000 guerillas had roamed the countryside. (*Japan Chronicle*, April 6, 1939.) The most effective weapon against Chinese opposition

in Manchukuo was claimed to be the system of "concentrated" villages; that is, scattered villages were destroyed and the farmers forced to live in fortified villages. (According to the *Japan Chronicle*, April 6, 1939, over 10,000 such villages had sprung up in Manchukuo since 1935, some 2,000 of them in 1938 alone.) Japanese spokesmen now forgot their earlier claim to complete control over North China and talked as if they had always known that the task of pacification would be long and difficult, but progressively easier as the Chinese farmers decided that they had had enough of war and its aftermath. They suggested that "banditry" in Manchukuo came to an end because of the disapproval of the farmer, whereas it was really due to the "concentrated" village system. In any case the problem of North China was entirely different from that of Manchukuo. In the first place the guerilla movement is much better organized than it was in Manchuria, both politically and economically; in the second place it is not an instance of isolated, spontaneous resistance, but of a sophisticated political movement, closely integrated with the resistance of a whole country. It is always possible that the northern provinces could be brought under subjection by the expenditure of enormous military force, far greater than any efforts yet made, and it is undeniable that the guerilla movement will continue to suffer from the economic blockade, but the Border Government cannot be exterminated politically until the National Government is willing to make peace. The economic and political war in the north is merely one sector in the whole struggle between China and Japan.

### *The Struggle with the Foreign Powers*

Japanese plans for the exploitation of the northern provinces were held, as it were, in a vice, between the guerillas on the one side and the Concessions on the other. It was as important to destroy the one as the other. It is clear that elimination of foreign rights and interests formed part of the general Japanese aims in continental expansion, and experience in Manchukuo was sufficient indication of the fact that Japanese statements concerning the elimination of foreign rights and interests in China Proper were to be taken seriously. When Prince Konoye restated Japanese aims in January 1939, and said "It is not without reason that upon the shoulders of every member of the

Japanese nation rests the important task of emancipating the Far Eastern states from the chains which it was their misfortune to acquire before Japan had come to play an important role in this part of the world, and to harmonize the culture of the East and West," he was referring to such chains as the treaty port concessions and rights of extraterritoriality. Before the conflict began, these purposes were included in the term "Sino-Japanese economic cooperation"; it was not until the occupation was well under way, and friction had already arisen with foreign powers, that Japanese statesmen made it clear that, as a matter of government policy, what was called the nineteenth century system of enclaves must go. Such frankness arose as much out of necessity as intention. The cost of the war made it all the more urgent that there should be no restrictions whatsoever upon the economic exploitation by the Japanese of the people they were fighting, and the policies of the Border Government, by narrowing the confines of controlled territory and limiting the base for economic exploitation, further hastened the process. The desperate search for political weapons in the struggle was bound sooner or later to end in emphasizing the common interest of China and Japan as against the Western powers. It was felt that the spectacle of Japan completing the Chinese Revolution, insofar as its anti-imperialist aims were concerned, was certain to secure the support of some Chinese, to confuse others, and to lower the prestige of the National Government, which had been swept into power on an anti-imperialist platform, but had been compelled to accept foreign imperialism with but little modification.

The driving force, in practice, was the Japanese army in North China. The army had its own ax to grind. The wealth of North China, in its view, belonged to the army as part of "the just rewards of conquest." But this wealth in its most concentrated and negotiable form lay in the Concessions. It must have been a cause of considerable exasperation to the army to be compelled to permit the Concessions to remain untouched in the midst of a conquered land, enclaves in which Chinese and foreign banks, business houses and accumulated capital should remain untapped. The determination to exploit, if possible, these vast accumulations of wealth became all the more strong when instructions came from Japan that plans must be drawn up "for a self-supplying and self-sufficiency policy for the

Japanese troops in China," as General Itagaki expressed it in the Diet.

The attack upon foreign rights and interests in North China, which culminated in the severe blockade of the Tientsin Concession in 1939 and the announced intention of the Wang Ching-wei Government in 1940 to abolish extraterritoriality and treaty port concessions, was waged on various fronts at the same time. The struggle on the diplomatic front was very much in the background until 1939 and 1940, because the Provisional Government of North China had no legal status even in the eyes of the Japanese, and it was difficult, therefore, to open the attack in terms of the recovery by China of her political and territorial integrity. This had to wait on the creation and recognition of a Central Government for the whole of China. But this did not mean that diplomatic measures short of this could not be taken; witness the Craigie-Arita talks in Tokyo over the Tientsin blockade in the summer of 1939. The powers mainly concerned took adequate precautions to protect themselves from the diplomatic point of view, making it perfectly clear that they had not the slightest intention of giving up their long-established trading and political rights. Great Britain and the United States, for example, presented notes to the Japanese Government in the early part of January, 1938, which stated that they did not accept in principle a "New Order in East Asia." The American note said: "The United States does not admit the need or warrant for any nation to constitute itself the repository of authority and agent of destiny in areas outside its sovereignty, neither can it assent to the abrogation of any United States rights by the arbitrary action of agents or authorities of another country." The British Note was more specific in regard to the "New Order" in East Asia, saying: "The British Government are at a loss to understand how Japan's assurance to seek no territory and to respect the sovereignty of China, can be reconciled with the declared intention to compel the Chinese people by force of arms, to accept the conditions involving the surrender of their political, economic and cultural life to Japanese control, the indefinite maintenance in China of considerable Japanese garrisons and the virtual detachment from China of the territory of Inner Mongolia. H.M. Government desire to make clear that they are not prepared to accept or to recognize changes of the nature indicated which are brought about by force. They intend

to adhere to the principles of the Nine Power Treaty and cannot agree to the unilateral modification of its terms."

Lack of progress on the diplomatic front made it all the more necessary, in the view of the Japanese army in North China, to take practical steps on the spot. These steps included manipulation of the tariff, restrictions on the Open Door, control of communications, setting up of embargoes and export restrictions, as well as a large-scale attempt to establish a new bank and currency to the end that all foreign exchange derived from North China exports should pass into the hands of the Japanese. This last was the most important of all, because once currency control was achieved, the Japanese would have complete economic direction over North China, and would be in a position to dictate the amount and nature of foreign trade. The Federal Reserve Bank, therefore, a bank free from any restrictions in regard to the amount of its note issues, and unembarrassed by the question of reserves, became the keystone of the new economic arch. The Concessions, which refused to recognize either the new bank or the new currency, because they had not recognized the new government at Peking, became, by accident and against their will, a symbol of Chinese resistance in the larger currency war being fought between China and Japan. Control, if not elimination of the Concessions, was absolutely necessary for consolidation of Japanese rule in North China.

Foreign bankers and traders had every reason to oppose the Federal Reserve Bank. In their view (See Tientsin-British Chamber of Commerce Report, February 16, 1939) the bank had five main objectives: "to absorb the large amount of Yen notes that were in circulation in North China; to remove the anomaly then existing, of the Yen being at a discount with the Chinese Dollar; to secure the bulk of old currency notes with a view to obtaining the equivalent reserves held abroad; to make the Federal Reserve Bank note on a par with the Yen, thereby facilitating trade between North China and Japan, and furthermore, with a view to paving the way for an economic bloc between the two countries; in anticipation of a considerable surplus of exports over imports in North China, it was confidently felt that the New Bank would soon build up sufficient foreign reserves as to make its position unassailable." As important as these motives were, there was yet another purpose underlying the formation of the Federal Reserve Bank, which is relevant to the question of the



struggle with the Concessions, because it was an important ingredient of fiscal policy. This was the aim to recover military expenses in China by means of a paper currency with no financial backing, which would be forced on the Chinese population by governmental regulation and military coercion. The chief objective of the Japanese was to secure foreign exchange at no expense to themselves by means of the unlimited note issue of the Federal Reserve Bank, and by regulations which would force all exchange operations of North China's export trade to pass through the Yokohama Specie Bank. Unless the foreign exchange, deriving from North China's exports, could be so secured, the Federal Reserve Bank would have only a local significance, and would not have achieved its main purpose.

Some of these purposes were achieved, even if the main objective waits upon a settlement of the general problem of the Concessions. The yen note circulation, with which the Japanese forces had financed themselves in the first months of the incident, was practically absorbed by the Federal Reserve Bank at the end of 1939. (The Banks of issue, the Bank of Japan and the Bank of Chosen, made their note circulation in North China irredeemable as well as inconvertible into foreign exchange. They soon fell to a discount in relation to Japanese national currency, in spite of the devaluation of the national dollar.) The Japanese also succeeded in removing the anomaly of the yen being at a discount to the Chinese dollar. On the other hand, the attempt to secure the foreign reserves of the national currency by holding the North China issue, failed almost completely. The Chinese Government very naturally counteracted this move by issuing a decree making the convertibility of the national currency into foreign exchange subject to restriction, thus eliminating the free market. The general effect of the Federal Reserve Bank policy was to lead to the imposition on the North China trade of the same restrictions which governed Japan's trade with other countries. And the expectation that foreign reserves might be built up out of the surplus of exports was not realized because the export surplus disappeared as a result of the war, the policies of the Border Government, the general interference with trade, and the breaking of financial ties between Tientsin and Shanghai. By the spring of 1939 the Japanese, realizing that the Federal Reserve Bank and its currency were not gaining the confidence either of the Chinese people or the foreign Conces-

sions, began to put upon the Tientsin Concessions a political and economic pressure which was calculated to cover up failure on the internal front against the Border Government, bring about the collapse of Chinese national currency in the north, and give effective control over foreign trade to the Provisional Government.

There were further techniques for putting pressure on the Concessions, beside the attempt to set up a new bank and a new currency. Control of the tariff and partial closing of the open door were measures which aroused a great deal of resentment in the British Concession in Tientsin, because opposition to these was more difficult than opposition to the new bank. One of the first acts of the Provisional Government was to revise the tariff in January, 1938. It was to be expected that the revision would be in Japan's favor, as indeed it was, but as the main purpose was to lower rates on a trade which was already in Japanese hands, it did not arouse any serious opposition from foreign merchants. The *Peking and Tientsin Times* referred to the new revised tariff as implying a "broad-minded policy." Immediate effects were seen in the diminution of smuggling and a certain increase in trade; other things being equal, the new tariff would have led to a great increase in Japan's trade with North China. But other things were not equal. Financial difficulties, the limitations of the market due to the economic policies of the guerillas, and the restrictions that the Japanese themselves put on exports from Japan to North China, prevented the full fruits of the tariff from being reaped. The introduction of the new Federal Reserve Bank currency, in particular, transformed the North China market into an extension of the Japanese home market and so destroyed it as a source of foreign exchange. The logical outcome of this might have seemed at first blush to have been the formation of a Customs Union for East Asia. The following is a typical statement in favor of such a course.

The *Hochi* advocates the formation of an East Asian Customs Union. It is reported, the Tokyo journal says, that the British Government, which regards Japan's East Asian policy with antipathy, is contemplating the imposition of prohibitive duties on Japanese goods in the United Kingdom and the Dominions. This report may or may not be true, for it is inconceivable that Britain, who poses as a stout champion of justice and humanity and equality of commercial opportunities in international relations should contemplate the enforcement of such a scheme. But should Britain adopt this course, the *Hochi* urges, Japan should form an East Asian Cus-

toms Union by way of retaliation. By an East Asian Customs Union it means the enforcement of preferential Customs duties among Japan, Manchoukuo and China.

Japan's exports to the Yen-bloc countries during the first eleven months of last year amounted to one billion, forty-one million Yen, but imports from them were only four hundred ninety-nine million Yen. On the other hand, her imports from the countries outside the Yen-bloc totalled two billion, thirty-one million Yen against exports amounting to one billion, five hundred thirty-five million Yen.

Such being the case, it is necessary for Japan to try in the future to import from the Yen-bloc countries what she is now importing from the other countries, wherever possible. It is hardly necessary to say that in order to establish the tripartite economic bloc firmly, raw cotton, coal and salt should be imported from the Asiatic continental countries so as to reduce the volume of these imports from other countries. Some of the imports from the Asiatic continental countries are free of duty, but some are heavily taxed. It is urgent, therefore, that preferential duties should be enforced among Japan, Manchoukuo and China.

*Japan Chronicle*, January 19, 1939

The Osaka cotton interests, which were badly hit by the export restrictions from Japan, were suggesting, by August of 1938, that a Customs Union be formed between China, Manchukuo and Japan. This would have meant withdrawing the new currency and beating a strategic retreat. Withdrawal of the currency being impossible from the point of view of prestige and army opposition, the only course was to go forward. Nothing was done about the Customs Union. For one thing the establishment of such a Customs Union would undoubtedly bring about reprisals in other countries, and as the chief purpose of the export restriction had been to divert Osaka cotton goods to markets where it would bring in foreign exchange, a policy that would encourage other powers to close those markets had little to recommend it. In November, however, at the meeting of the Japan-Manchukuo Economic Round Table Conference, the suggestion was again made of a Customs Union. The argument advanced was that this was necessary in order to meet the actions of unfriendly third nations. It was left for the Manchukuo delegate to point out that "it is very difficult to make conventional tariff arrangements between Manchukuo and Japan in view of the huge adverse balance in foreign trade of Manchukuo and also because of relations with third nations."

Formation of a Customs Union was not on the agenda of the December meeting of the United Council of the Provisional Government in Peking and the Reformed Government in Nan-

king. There was, instead, the declaration that the Council would consider an upward revision of the tariff against foreign imports in retaliation for the Anglo-American loans to China. Nothing has come of this so far. It is said that such a revision of the tariff would affect ninety-two articles, including many luxuries such as wines, tobaccos, etc., mainly used by foreigners. Such a revision would arouse the resentment of foreigners living in China but would do no real harm to foreign imports in general as the imports coming in were already reduced to such articles as the Japanese themselves needed. Revision in this direction would, therefore, be only punitive and symbolic.

The only course left to the Japanese was to attempt to enforce exchange control. Not wishing to rob themselves of the opportunity to buy foreign goods in North China with Federal Reserve Bank currency, they do not wish to eliminate foreign banks and merchants entirely; they want to get control of all the foreign exchange transactions so that they can determine the nature of imports. The first steps were taken at Tsingtao. Here Japanese exporters negotiate their export documents at Shanghai at current rates and obtain permits to ship in Tsingtao from the local authorities. Other exporters, however, are unable to obtain these permits to ship unless they negotiate their documents through the Yokohama Specie Bank at the official rates of 1s2d for sterling. The situation has been summed up by a correspondent in the *Peking-Tientsin Times* in the following way:

As a result of these strangling restrictions, non-Japanese exporters are forced to remain inactive, while Japanese shippers are selling freely to Europe and America. . . . Japanese merchants are selling on the basis of shipment from any North China port or Shanghai, at their option, and in the case of oil, Dairen firms are shipping their soya beans to Tientsin to be crushed there for shipment from that port, thus getting the benefit of current exchange rates there. Tsingtao merchants are not even granted the normal financing facilities, documents being sent to destination for collection and the bank refusing to purchase the documents for cash or credit, nor will they grant an overdraft. In other words, all non-Japanese exporters are forced to remain idle, with Japanese merchants monopolizing the business. These export restrictions have been in force since July 1937.

The situation, from the point of view of the foreign exporters, was even more serious than this, for the Japanese established purchasing monopolies of the chief articles for export.

The next step came with the foreign exchange restrictions at all North China ports, including Tientsin, which came into

force on March 10, 1939. This was one of the most drastic steps taken in the field of economic and financial policy by the Provisional Government, which now openly used its currency control as an instrument of anti-Western discrimination in foreign trade. The Yokohama Specie Bank acted in this connection as the foreign exchange agent of the Federal Reserve Bank; and control of foreign exchange was obviously meant to mean control of foreign trade. The permit system, introduced on a long list of goods on March 11, 1939, was expanded to include all North China exports as from July 16, 1939. While it was possible for certain foreign importers and exporters to evade some of these regulations, there is no doubt whatsoever that the permit system, together with the physical restriction which went with the blockade of the concessions, gave the Japanese, from the summer of 1939, almost complete control over foreign trade of North China. The regulations were particularly onerous from the point of view of the Western exporter because he was compelled to sell his exchange to the Yokohama Specie Bank at official rates, a little over three dollars, Federal Reserve Bank, for one dollar, United States, while the open market value of the United States' dollar in North China was eight dollars or more, Federal Reserve Bank. Many Western exporters as a consequence went out of business. Japanese exporters had to use coercion to enforce low prices on Chinese producers. The Chinese peasant was thus compelled to sell his cotton, eggs, peanuts, and wheat at prices constituting only a small fraction of their market value (see *China Exploitation Unlimited*, The American Information Committee, Shanghai, August 1939). It is estimated that as a result of the operations of the Yokohama Specie Bank acting as the agent of the Government in controlling exchange, the Japanese now control seventy per cent of the total imports. Such trade as remains in the hands of Western importers and exporters is limited to Shanghai and Tientsin where there are Western-controlled Concessions accessible from the sea. It is not too much to say that this trade would by now have been practically eliminated in these areas were it not for the existence of the Concessions. However devastating was the effect upon Western interests of the Provisional Government's policy of official regulation and currency control, even this line of attack could not give Japan complete monopoly until the Concessions were taken over.

There were other points at issue between the Japanese and the Concessions, not least of which was the complete control exercised by the military over communications. (Railway movements were absolutely under Japanese Military control, and the *Kokusai Unyu Kaisha* were contractors to the Military authorities for transportation of commercial commodities.) Upon payment of exorbitant fees and so-called "squeeze," restricted and very limited quantities of raw material and produce could be brought into Tientsin through the *Kokusai Unyu Kaisha* under military passes. These goods were subject to delay, damage and shortage by indiscriminate and wanton pilfering. Furs and hides, coming from Suiyuan in very limited quantities, were sent first to the military authorities who took out what they wanted, paid for it, and sent the rest to the foreign consignee. Disputes were constantly arising over the embargoes and export restrictions, the negotiations being handled by local Japanese military and the consular authorities, who were not, of course, permitted to deal with the unrecognized Provisional Government. Controversies over smaller points helped to increase discord. For example, the Japanese wished to secure complete control over the Tientsin telephone system and for this purpose cut off the British concession from outside calls. They wanted the rights to pursue and extradite criminals, and in this connection protested against the action of the British police in holding the two murderers of Dr. Chow of the British school in Tientsin. The Concessions were indeed a very serious leak in the whole Japanese system. They were politically objectionable, because they were convenient headquarters for those Chinese who wished to avoid Japanese rule and those who conspired against it. Foreign governments protected enormous Chinese wealth in foreign banks as well as a large Chinese population, which in the British Tientsin Concession alone amounted to seventy thousand. The total in the Concessions and special areas amounted to about a quarter of a million. The general mood of the British Concession authorities and business men came to be that there was no possible basis of compromise with the Japanese, who must be fought to a finish.

The first open pressure put upon the Concessions came in the middle of December, 1938, when barbed wire barriers were erected which were not removed until the third week of February, 1939. Pedestrians and vehicles were searched on entering or

leaving the Concession, but foreigners were not searched or seriously delayed. British shipping continued to operate between the North China ports and went freely up and down the Hai Ho River. The blockade was lifted without achieving any tangible results as far as the Japanese versus Concessions issue was concerned, but the local military authorities, during the spring of 1939, slowly erected concrete pillboxes at all the main entrances to the Concessions in order to be ready, apparently, for the more serious military and economic blockade of the Concessions which was to follow in the summer of that year. Such extreme measures, though falling short of a challenge to the legal basis of the Concessions, had become, from the Japanese point of view, a necessary part of their struggle for political control and economic exploitation in North China. This second blockade of the British and French Concessions, which meant rigid control over all persons and goods coming into or leaving the Concessions by land or sea, began early in June, 1939. The reason given was the refusal of the British authorities to surrender four Chinese who had taken refuge inside and were wanted by the Japanese on the charge of slaying a customs official at Tientsin. By the time that Sir Robert Craigie, British Ambassador to Tokyo, took up this matter with the Foreign Minister Arita, Japanese demands had gone far beyond this matter. In fact, the Japanese had already fanned the flames of an obviously inspired anti-British movement in Japan, Korea, and North China. Anti-British demonstrations in the cities of North China passed off without any evidence of Chinese enthusiasm for the claim that the British were responsible for all the ills of China. In the meantime British subjects wishing to leave or enter the Concessions at Tientsin were subjected to personal inconveniences and occasional indignities, while Americans and Germans were treated with ostentatious civility. Apart from the main objectives, the blockade, it was hoped, would serve to lower the prestige of the whole white race in the eyes of Chinese, as well as to divert the attention of the population of North China from the real menace, Chinese resistance, to an imaginary one. It soon became apparent, however, that the Chinese were uninterested in the new diversion, and that the blockade offered opportunities for racketeering which gave many members of the Japanese army a vested interest in its continuation. British and other foreigners discovered that it was possible to get through the barri-

cedes without much trouble on the payment of sums varying from five dollars to as high as one hundred dollars.

The British insisted that negotiations over the Tientsin affair be conducted in Tokyo. The Japanese, however, went through the motions of having the Provisional Government address official notes to the British and French Ambassadors to China, only two days before negotiations opened in Tokyo, on July 15th.

The official notes of the Provisional Government were addressed to both British and French Ambassadors in Peking and read in substance:

Your Excellencies:

Ever since the Provisional Government of the Republic of China was established on December 14th, 1937, the policy of this Government has been based upon the maintenance of peace and order in North China, as well as the happiness and prosperity of the people at large. On the other hand, the Government, in close cooperation with Japan, has striven to construct a new order in East Asia.

However, it is to be regretted that both authorities in Tientsin have failed to recognize the new situation arising in East Asia and have allowed their Concession areas to become hotbeds of political and economic intrigues of the Chungking Government and also the vanguard of destruction of peace and order of North China. Due to this existing state of affairs the two hundred million people of North China have been subjected to unreasonable hardships and destitution both economically and politically. It may be well imagined that this Government cannot afford to connive at such an unsatisfactory state of affairs. . . .

Accordingly, this Government hereby submits the following five-point demand to the British and French Concession authorities as an urgent measure for the maintenance of public peace and order in North China and also for enhancing the happiness and prosperity of the people at large. . . .

1. An immediate delivery of terrorists and communists to the Provisional Government.

2. Full cooperation with the currency policy of the Provisional Government, especially in the way of prohibiting the circulation of the legal tender of the Chungking Government within the Concessions and full cooperation with the Provisional Government in taking silver out of the Concessions.

3. Full cooperation with the Provisional Government in questioning and searching Chinese banks, and business houses, exchange brokers within the Concessions.

4. Strict control of any establishment, speeches, movements and publications contrary to the policy of the Provisional Government.

5. Full recognition of the above four points and enforcement of joint control between the Provisional Government and the Concession authorities within the Concession area with a view to realizing actual results.

*Japan Chronicle, July 13, 1939*



The real Japanese demand, if accepted, would have meant practically complete surrender of control over the Concessions. In particular, the Japanese wished to force the foreign banks to assist in the extension of the Federal Reserve Bank notes and the elimination of National currency, to compel observance of the regulations of the Provisional Government relating to foreign exchange, which would give the Federal Reserve Bank a monopoly over all foreign exchange and overseas trade in North China, to secure the handing over to the Provisional Government of the silver reserves held in the concession, and to give the Provisional Government such police power in the concession as would enable it to seize the bank accounts of wealthy Chinese, take over all Chinese-owned businesses and property, and control the press and public assemblies. From the Japanese point of view such demands were both logical and necessary for success in North China, and in the actual negotiations in Tokyo much wider issues were raised, although they were not quite so wide perhaps, as the resolutions passed by some of the officially inspired anti-British demonstrations. At Kobe, for example, the citizens recorded their "unshakable resolution" in demanding that the government require Britain to cooperate with Japan in the establishment of a New Order in East Asia, that Sir Archibald Kerr, British Ambassador to China, be removed, and that work be stopped on the development of southwest routes to China. The British naturally took the view that the Tientsin issue raised questions involving the rights and interests of all foreign powers in China, which Britain alone could not be expected to settle.

During the negotiations, which dragged on until September, when the opening of the European war, combined with the failure to reach an agreement satisfactory to the Japanese, disrupted them, the British tactic was to refuse to discuss any issues, other than the question of the alleged criminals, on a unilateral basis. Early in the negotiations, however, the British made a declaration which, according to some, was tantamount to giving Japan belligerent rights in China. On July 24th, the Japanese and British Governments simultaneously made public the following statement:

His Majesty's Government of the United Kingdom fully recognize the actual situation in China where hostilities on a large scale are in progress and note that so long as that situation continues to exist the Japanese

forces in China have special requirements for the purpose of safeguarding their own security and maintaining public order in the regions under their control and that they have to suppress or remove any such acts or causes as will obstruct them or benefit their enemy. His Majesty's Government has no intention of countenancing any acts or measures prejudicial to the attainment of the above-mentioned objects by the Japanese forces and they will take this opportunity to confirm their policy in this respect by making it plain to the British authorities and British nationals in China that they should refrain from such acts and measures.

*Japan Chronicle*, July 27, 1939.

The British Government, at least according to Mr. Chamberlain's statement in the House of Commons, did not feel that this implied any change in its Far Eastern policy. Mr. Arita took the view that this attitude was meant only for internal consumption. In the meantime, anti-British demonstrations continued and increased in number and violence, and mass demonstrations passed resolutions demanding that Japan take over the British Concessions in Tientsin and Shanghai. Mr. Kumatoro Honda, former ambassador to Germany, declared that he had always been against the government's policy of respecting the rights and interests of third powers. "No consideration need be shown for the rights and interests of third powers, if they are obstructive of Japan's strategical plans . . . India is a milch cow to Britain. No matter how strongly Britain may fortify India, that country will become Japan's possession some day." (*Japan Chronicle*, July 20, 1939). Whether or not the notice of abrogation by the United States, on July 26, of the American-Japanese Trade Treaty of 1911, strengthened the attitude of the British Government, Sir Robert Craigie consistently refused to discuss any of the larger issues raised by the Japanese with a view to bilateral settlement. On August 11, however, the British Embassy in Tokyo agreed to hand over the four alleged Chinese criminals to the Japanese authorities in Tientsin. (*Japan Chronicle*, August 17, 1939. "The Lord Chancellor and the Law Officers of the Crown are satisfied that sufficient *prima facie* evidence has been produced by the Japanese authorities to make it obligatory on the British authorities in the Tientsin Concession to hand over in accordance with the regular procedure four men in question for trial to the local Chinese court as to two on a charge of murder and as to the other two on the charge of membership in an illegal body.")

Negotiations on other issues were stalled on the British refusal

to discuss economic questions without the cooperation of the other powers, parties to the Nine-Power treaty and other relevant agreements, and the Japanese determination to prevent any enlargement of the negotiations into a wider conference. On August 24 it was decided that as the talks in Tokyo were useless, further negotiation, if any, would be carried on by military authorities in Tientsin. These authorities stated that they were prepared to open the talks, provided the British "give evidence of their sincerity after making grave reflections," but that meanwhile the blockade of the Tientsin Concessions should naturally be strengthened. During this last week of August the Japanese lost their European allies with the disappearance of the anti-Comintern pact. The weakening in the Japanese position, owing to diplomatic isolation, was balanced by the preoccupation of Great Britain in the European conflict which broke out in September. The Anglo-Japanese negotiations, therefore, remained in a permanent state of suspension; the four Chinese were handed over, and the blockade continued. The first effort of the Provisional Government against the Concessions had failed to secure anything more tangible than a certain lowering of British prestige. None of the demands made by the Provisional Government in its notes to the British and French ambassadors were achieved except for the delivery of the alleged Chinese terrorists. The question of the Concessions was not raised again until the creation of the Wang Ching-wei régime in March, 1940.

At the same time it must be admitted that the blockade of the Concessions not only subjected British nationals, to say nothing of the Chinese population, to extreme discomfort, but also gave to the Japanese *de facto* control over foreign trade and enabled them to limit very severely the usefulness of the Tientsin Concessions to the National Government of China. But so long as the foreign powers refused to cooperate in the construction of what the Japanese called their New Order, the existence of the Concessions remained incompatible with its achievement. The failure of the Provisional Government to drive home its attack on this, the external front, to its logical conclusion, the elimination of the Concessions, is the chief reason why it came to be included in the new Central Government of Wang Ching-wei. If the Wang Ching-wei government were to fail in its attempt to get rid of foreign rights and inter-

ests it would be reasonable to expect the North China régime to be either set up and recognized on an independent basis or incorporated in Manchukuo, to the end that the North China treaty ports and foreign trade might be restricted and controlled as in Manchuria. Certainly the failure of the Provisional Government to achieve such results independently contributed in large measure to its failure to achieve economic or military consolidation of the northern provinces. (There are now accounts of an agreement among Japan, Britain and France ending the Tientsin controversy. It is unofficially reported that foreign-owned banks in Tientsin will withdraw their support of Chinese nationalist currency. Chinese government silver, now in British and French banks, will be handed over in part, the remainder to be sealed up "pending subsequent disposition." *New York Times*, April 13, 1940.)

### *Plans and Profits*

So long as the Japanese were not successful in eliminating the political and economic base of the Border Government in the hinterland or undermining the political and economic basis of the foreign powers in the Concessions, there could be no framework for the application of long-term plans for the exploitation of North China. That there were certain long-thought-of schemes for such development is abundantly clear, but there was not in 1937, nor indeed is there now, a detailed and thoroughly worked out scheme for the reconstruction and exploitation of the northern provinces. We have to record not the industrialization and modernization of an economically backward area through the application of enormous capital outlay, but rather a crude and hasty seeking for the profits of short-term exploitation by governmental as well as private groups. There was the expropriation of Chinese private and public enterprises on an enormous scale, the establishment of buying and selling monopolies which have helped to lower a standard of living already depressed by the general conditions of war, as well as a reckless influx into North China of an army of fortune seeking merchants, free to use the power and prestige of the Japanese name in the accumulation of profit, however small.

Large scale exploitation, backed by the government, reflected not so much a well-conceived plan as a well-fought

struggle for control between the Kwantung army, the army in North China, the South Manchuria Railway, and the Planning Board in Tokyo. The army in North China apparently wished to run this area in roughly the same way that the Kwantung army ran Manchuria, but the South Manchuria Railway is the only organization with the brains, the technicians and the capital to do so. The struggle came to a head in January and February of 1938. In the compromise reached it was announced that a new company was to be formed, the China Development Company<sup>1</sup> was to be dissolved and all of its personnel and capital transferred to the new body. The S.M.R. was to run the railways south of the Great Wall on contract, not as owner. The development of raw cotton, wool, spinning, salt and other industries was to fall to private capitalists. But it was quite clear that the final control of economic policy in North China lay with the army on the spot. This meant that the line of development was decided more by military than by economic considerations.

During 1938 the China Development Company refused to die. The struggle for the control of economic life in North China continued, while a National Corporation for the Development of North China, established early in the year, nominally controlled everything. In August, a North China Transport Company was inaugurated as a subsidiary of the China Development Company, which was to subscribe one-half of its capital of Yen 300,000,000, the other half coming from the Provisional Government and the S.M.R. This company took over the railways, the bus services, the harbor works at Tangku and Lienyun-chiang, the eastern port of the Lunghai Railway. But the ambitions of the army in North China to extract an indemnity from the conquered people, to pay its way, and to control everything, not only prevented the flow of capital into the

<sup>1</sup> The first Japanese organization set up for continental economic development was the Hsinchung Company, of the China Development Company, which was established in the winter of 1935. A contemporary of the Hopei-Chahar Political Council, it had a capital of only Yen 10,000,000 and ranked as a subsidiary of the South Manchuria Railway, which is said to have had about eighty such enterprises. The difficulty of the Hsinchung Company lay in the ambiguous attitude of Chinese political leaders and the failure of Japanese capitalists to cooperate. Even hopes of securing capital from Mitsui and Mitsubishi were not fulfilled. For the achievements of the company before the war see the Japanese weekly, *The Study of Chinese Economy*, V. 48, November 21, 1938, in its special edition on Continental Development.

country but also further antagonized businessmen in Japan. Very little cotton, according to Japanese figures, came through the lines to the Japanese-controlled areas; the Federal Reserve Bank currency destroyed the advantage to Japan of exporting goods to North China; great monopolies were set up but few goods could be moved. It was no accident that the Minister of Finance in Tokyo, Mr. Ikeda, was also Minister of Commerce and Industry; all the main sources of conflict were thus included in one man. The difficulties which army policies were creating accounted for some very outspoken questions at a conference between government officials and business men in Osaka on December 7, 1938. In particular there was criticism of the effect of export restrictions upon business in Japan, criticism of the policy of exploiting China through big companies, concern at the tendency to develop China's raw materials merely by transferring enterprises from Japan to China, hence setting up competition with Japan itself. It was interesting that after one year of conflict Mr. Ikeda said that the government "intends to make such arrangements as will enable Japan to import raw materials from Manchukuo and China and to export (Japanese) products to these countries."

The truth seems to be that Japan was not only unable to develop North China but was also finding it more and more difficult to exploit the resources within her control. Her economic policies cannot be understood unless it is remembered that the army, which was in control on the spot, was chiefly interested in "loot" (the rewards of conquest) and the Japanese business interests in economic exploitation. In the policy of "loot" one must include the Federal Reserve Bank, which aimed at securing an indirect indemnity from China and at paying for the support, in part, of the Japanese army of occupation, as well as the direct expropriation of Chinese industrial and commercial properties. It is this that makes it so difficult for the Minister of Finance to get on with himself as Minister of Commerce and Industry, and for the Minister of Commerce and Industry to get on with the army.

An important phase in the development of Japanese ambitions to exploit North China came in November and December of 1938. In October the decision had been taken to reorganize the system by the establishment of two great holding companies, the North China Development Company and the Cen-

tral China Development Company. The fact that the vested interests of different Japanese military and political groups, to say nothing of the possibly skillful policies of the Chinese "Puppet" régimes, and the inability to establish communications between Nanking and Peking, produced two companies instead of one was of great significance. Furthermore, the membership of the directing committees of both concerns, announced on October 16, 1938, was of some importance. The President of the North China Development Company, our main interest here, was Mr. Otani, [Mr. Otani died August 1, 1939 at Kalgan. He has been succeeded by Mr. Okinori Kaya, a former Finance Minister, who took over the post on August 13.] former Overseas Minister; both the Vice-presidents, Mr. Yamanishi and Mr. Komuchi, were former directors of the S.M.R. Another member, Mr. Okubo, was once in the Finance Ministry but for many years held no office owing to his part in the Teikoku rayon scandal. Mr. Mikumo was Managing Director of the Kobe Marine Insurance Company and Mr. Yoshida a Director of the Korean Government Railway Bureau. Dr. Moriguchi was a legal expert and Dr. Kumura a Director-general of the Tokyo Chamber of Commerce and Industry for many years. The Central China Company was staffed mainly by ex-bankers; there was not a military man in either company.

The meetings for establishing the two Development Companies were held in Tokyo on November 7, 1938. It was said that business would begin immediately. Some of the inner conflicts were revealed in the Tokyo dispatch of November 6: "However, since the proposed China Board, which is to supervise these national policy institutions, has not yet been established because of conflicting circumstances in the government, it is planned to set up a temporary supervisory organ. According to one plan, the Cabinet's General Affairs Section will look after the business for the time being, with the aid of several secretaries of the Finance Ministry and Planning Board. Another plan is to assign the supervisory task temporarily to the third commission of the Planning Board." The important thing was that the head office of the North China Development Company was not in Peking but in Tokyo.

Some time later, on November 24, the Vice-presidents of the North China Development Company found themselves ex-

plaining policies to business men in Osaka. They stated that there was not the intention to place all things under control and that the cotton industry would not be controlled. What was even more interesting was the assurance from these two ex-directors of the S.M.R. that "there would be no trouble with military circles as they entirely entrusted to businessmen the task of economic development in China." Did this mean that the business men had won in the struggle with the army for the economic development of North China?

There was little evidence to support this view. The report of the company's finances one month after it began business did not indicate that the confidence, or at least the money, of Japanese investors had been secured. The capital of the company is Yen 350,000,000. One-quarter of the capital stock had been bought up, but the cash payments were Yen 68,000,000, of which Yen 25,000,000 were paid up by the Japanese Government. These figures, given during Mr. Otani's visit to Peking in the second week of December, were accompanied by the statement that the cash funds of the company were hardly enough to finance the economic development of North China, and that, while calling upon shareholders to take up another one-quarter of the capital stock, the company would issue debentures in 1939 to raise the necessary funds. It was estimated that Yen 1,420,000,000 would be needed for conducting the various enterprises<sup>2</sup> to be undertaken by the company.

If the Japanese investors did not express full confidence in the new companies by pouring in their funds, the Japanese army did not show any clear signs of a change of attitude. On

<sup>2</sup> These enterprises were listed as follows:

<i>Enterprises</i>	<i>Capital (millions)</i>	<i>Invested by Japan</i>	<i>Invested by China</i>
Railway and Harbor.....	Yen 300	226	72
Automobiles.....	16	10	6
Communications.....	30	27	3
Iron and Steel.....	50	45	5
Coal Mining.....	60	40	20
Coal Liquefaction.....	150	150	—
Electricity.....	70	50	20
Salt.....	12	8	4
	688	556	130

Figures given for some of the main subsidiaries (November 9, Tokyo) do not entirely agree with the above.

	<i>Capitalised at:</i>
North China Transportation Company.....	Yen 300,000,000
North China Salt Manufacturing Company.....	35,000,000
	100,000,000



November 3, 1938, four days before the formal inauguration of the new companies and some weeks after the decision was taken in Tokyo, the Japanese army in North China took foreign correspondents over the Lungyen Iron Works near Peking. These works had not been used since they were put up in 1919 at a cost of U.S. \$2,000,000. "The Japanese army has now taken over the operation of the plant in order to augment the diminishing amount of iron in Japan which is available for the manufacture of munitions." The plant was not used because the price of iron fell after the World War; also the local coal is unsuitable and the ore had to be brought over 100 miles. War again put the plant in a position to produce iron at an economic level; it was expected to produce 50,000 tons of pig iron during the year 1939. "The army authorities have already drawn up two plans to increase production and in 1940 the plant is expected to produce 300,000 tons of iron ore."

The Japanese attempts to further the economic development of North China, therefore, are not at the moment very impressive. Their internal quarrels as to who should direct it have been papered over by the creation of two huge holding companies, neither of which has yet collected any impressive amount of capital but both of which welcome foreign capital. Perhaps the selection of the Board of Directors, which includes no army men, was influenced by the desire to create confidence in foreign investors. The conflicting ambitions of the Japanese military and the business men have produced a situation in which it is almost impossible to make any profit out of North China at all. Nor must one forget that the expropriation of Chinese industrial, mining and commercial property is not a convincing method of illustrating to the Chinese bourgeoisie the benefits of "economic cooperation." Briefly speaking, economic development, so far, means that everything to be had has been taken and run as well as possible, and nearly all public utilities are under Japanese control. But the only coal mine which has increased production is the Kailan mine, a Sino-British concern. Such coal as is produced in Japanese-occupied areas goes to Japan, except for a certain amount left for local consumption, the price of which (to the consumer) has risen enormously.

The development companies took over Chinese public prop-

erty on the grounds that the Chinese National Government had surrendered its claim by opposing Japan, and that the Provisional Government was not the rightful owner. In this way China lost her railways, bus companies, coal, iron ore, and salt deposits, her public utilities, and her system of radio and tele-communications. Acting independently of the régime it had created, the Japanese army, on occasion, took over and operated directly many industrial plants. Private companies sometimes seized and operated captured plants without even the pretense of legal justification. Sometimes they went through the motions of reestablishing such concerns on a 49-51 basis in the name of Sino-Japanese "economic cooperation." Stocks of raw materials, of finished and half-finished goods, were seized and sold to the profit of the Japanese company which had taken over the ownership. The economy of China probably suffered more from the small-scale expropriators and profit seekers than from the great development companies.

Japanese population in all the occupied cities increased by leaps and bounds. *The Japan Chronicle* reported that a total of 220,000 people "embarked at Kobe to seek prosperity on the continent during the fiscal year just ended." (*The Japan Chronicle*, June 1, 1939.) No figures are given for the number of Japanese who returned to Kobe disappointed in their trip, but there is no doubt but that many failed to realize their expectations. Those who remained on the continent engaged in every conceivable type of business. In particular, they are partly responsible for the enormous increase of brothels, opium dens, and gambling houses in Peking, although the Japanese military took perhaps the greater share of the profit on opium. It is impossible to estimate the increase in the sale of narcotics in North China since the occupation, but it was easy for anyone living or traveling in that area to observe at least the outward signs of increased sale and consumption. [The comments of the Chinese representative, Mr. Victor Hoo Chi-tsai, on the League of Nations Advisory Opium Committee are of interest in connection with this point.

Geneva, May 20, 1939. . . . "It is difficult to estimate the number of addicts in the occupied region, but if one includes Jehol and Manchuria, it is certain that never at any epoch in their history has there been such a revolting situation, never such a high percentage of opium addicts as since the occupation by the Japanese troops." . . . The Manchukuo budget for

1939, Mr. Fuller (Stuart Fuller, U. S. representative) said, estimated that the receipts from the sales of the opium monopoly would be increased from 71,045,200 yen in 1938 to 90,908,400 yen in 1939 and cost of the raw opium monopoly purchase this year would be 43,470,000 yen, compared with 32,653,000. These figures, he explained, do not indicate that any serious effort is being made to eradicate the opium evil in Manchukuo. . . . *New York Times*, May 21, 1939.]

The narcotics trade was perhaps the form of economic activity most damaging to the Chinese population carried on by the rapidly increasing number of Japanese residents. Many, of course, were parasites upon the Japanese army. But there were many other forms of exploitation open to them. Some went into the moving picture business by expropriating Chinese concerns. Some had themselves appointed as advisers to prosperous Chinese commercial businesses. Many went into building and contracting trades. Almost nothing in which any profit could be made was left to the Chinese.

Chinese were not only ousted from the main lines of economic enterprise, but also were driven out of governmental, municipal, and educational positions by the anxious horde of office-seeking graduates of Japanese universities and high schools. Men were trained by the hundreds in Japan for educational and technical work on the continent and especially for service in the North China Pacification Corps. North China was flooded with Japanese engineers, experts, assistants, surveyors, post office officials, bankers, business men, and advisers. Even if the Chinese intellectuals had not, for the most part, evacuated the northern provinces at the time of the invasion, it was obviously becoming increasingly difficult for any Chinese high-school or university graduate to secure employment. The main occupations reserved for the Chinese were unskilled labor, small trading, and farming. The hostilities interrupted the normal emigration of coolie labor to Manchuria, and the activities of the Border Government diverted many of these men into military work. According to the *Japan Chronicle*, September 7, 1939, the Manchukuo Welfare Ministry had to send a special mission to North China in 1939 to secure the full "Coolie Quota" of 900,000 for the year. Blame for the deficiency was put on the hostilities and floods. Later it was suggested that "economic dislocation in North China, however, has now introduced a fresh and almost urgent factor

in favor of migration that will remain for some time after development schemes in North China have begun."

So much for the towns. But what of the country? It was easy to take over the economic life of the cities, but much more difficult to exploit the impoverished peasantry of North China. For one thing the peasant, who was considered the one sure base of social and political control, had become the one great military obstacle to the consolidation of the country. Occupation depended, as we have observed, more on a well-developed communications system than on a well-defined social unit. It cannot be over-emphasized that the extent of government power was limited by roads, railways, waterways, and telephone systems. The famous "family system," for which the Japanese are now professing such deep respect, is useless as a method of social control unless the family is physically within reach of the police force.

The peasantry, however, was expected to play a vital part in schemes of economic exploitation. From the statements of agrarian policy put out by the Ministry of Industry and the Hsin Min Hui, and from actual investigation, several things are clear. First, the Japanese hope to encourage the production of those raw materials for which they have the most use, such as cotton and wheat. Second, they have neither the men, the money, nor the social outlook necessary for a regeneration of Chinese agriculture. Chinese experts in Japanese pay dare not go where they are not protected; loans to farmers cannot be made in areas of uncertain political allegiance; agrarian reform, even such simple projects as the improvement of agricultural implements, cannot be made without social reform. This is connected with the third point; that is a necessary reliance on the local gentry for social and political support as well as for administration. One example of such reliance upon the gentry may be given. Two or three Japanese go out with some of their hastily trained Chinese agricultural experts to talk with the farmers, distribute seeds, give relief and inspect the crops. As soon as they leave the railway, they are more or less at the mercy of the Chinese; they do not know the language, the place, or the people. Money for relief is given to the local gentry for distribution, but the Japanese have no way of discovering how much of it reaches those who need it. Fourth, there is a singular lack of originality in the Japanese

statements of policy. Their cooperative movement is in no way an original contribution to Chinese agrarian problems except that, from a true cooperative point of view, the movement is organized on very unsound lines. The Japanese figures for the number of cooperatives organized in a half year are sufficient grounds for suspicion; for cooperatives take time, training, education, and the confidence of the people if they are to be firmly established. Finally, the statements of policy omit all reference to reduction in land rents, to revision and modernization of the system of land taxation, to the regularization of the system of land tenure, and to village usury. Yet these are some of the most important agrarian problems of China, and many of them were receiving attention before Lukouchiao. The whole idea of experimental *hsien* and model districts was very popular with the former administration; the contribution of the Japanese is the destruction of this very promising work and the substitution of authoritarian for persuasive methods.

The general nature of Japanese agrarian policy can be usefully illustrated by analyzing the development of cooperatives. The war and the peculiar conditions of the conquest disrupted the whole system of distribution. Business appeared to be good in some of the railway towns but only because there was a flight from the dollar. Under these conditions, there was not much hope of organizing a sound cooperative movement, nor are the Japanese trying to do so. They are developing what is called a cooperative movement, but it is not to be understood in our sense of the word. The organization comes from above. First, there is the Central Cooperative Bureau, then local bureaus, and so on down to the actual cooperative societies. The report which tells of the formation of over six hundred societies, with a membership of nearly 60,000, makes no mention of shares or interest. Nor is such mention necessary. The direction, the capital, the personnel, all come from above. We do not have, in the process of buying and selling, the picture of a group of farmers who combine together in a cooperative and sell their goods to the highest bidder. On the contrary, farmers are told that they belong to a cooperative society to which they must sell their products. The cooperative's credit department advances them a loan to carry them through from seed time to harvest; this is really an advance payment on the crop, which

the farmers must have owing to their poverty. This means that the crop is sold very cheaply, for the farmer never has the advantage of selling freely on an open market. The big Chinese merchants have always done this; the Japanese cooperative merely replaces the merchants and monopolizes buying and selling. Small Japanese merchants would not dare to risk setting up shops under other conditions; but now they are even taking out goods to the villages so that Japanese manufactures can be poured into peasant communities through a "cooperative" monopoly. One of the most significant things revealed even by the paper plans, and checked by a good deal of independent testimony, is that in their cooperatives, as indeed in all their agrarian policies, the Japanese rely upon the local gentry.

Japanese cooperatives are essentially organs for the furtherance of political control and economic exploitation, the extension of Japanese currency, goods, and monopolies. They are the chief method for securing China's raw material for token money. There must be considerable profit in securing a purchasing monopoly in the villages and selling at the high prices now current in the cities. The Japanese have described the elimination of the big Chinese merchants as getting rid of "squeeze"; but they fail to show how the producer or consumer gets any of the benefit of this through the cooperatives.

An important factor in the determination of policy as well as in its practical application was the Hsin Min Hui. In fact it is difficult to know where the government ends and the Hsin Min Hui begins. In practice and on paper the Hsin Min Hui is the more aggressive of the two; in the printed list of its achievements the Hsin Min Hui probably included all those of the Department of Industry, in practice it ran experimental stations, experimental *hsien*, trained the farmers, organized self-protection crops, and spread propaganda. Permission to visit the biggest experimental area, Liang Hsiang Hsien, was refused; but one was allowed to go to the model village at Hua Shen Miao, some ten miles south of Peking. This is the only direct check on the mass of Hsin Min Hui propaganda on agrarian problems.

Directing the work in the group of villages of which Hua Shen Miao is the center, there was one Japanese. Careful questioning led to the admission that this man, aged about 25, was

an ex-communist who had been imprisoned and "reformed" in Japan. He was put here partly because he had had experience of village organization in Japan, partly because they wished him to apply the methods he had learned from the Communists. A man of great sincerity and passion, he had obviously done a great deal of rationalizing, but in talking with him there were clear signs of inner conflict. The main work appears to follow three lines: encouragement of cooperatives, building of roads, elimination of insect pests. This work could not begin, according to the Japanese, until bandits had been eliminated, a job which took two months in the summer of 1938. There was also a thorough purge of communistic elements. In administration the general idea was to depend upon the heads of the family and the heads of the village; on this basis was to be formed a self-governing body. It was claimed that the Japanese had revolutionized the village if only in one way; previously women had had nothing to do, but now small workshops were organized and women could earn as much as Ch \$10 per month. It is difficult to believe that the women of Hua Shen Miao are flourishing to that extent. No one was willing to explain where the raw material came from, who financed the workshops and where the products were sold. There was another claim, that farm earnings had increased owing to the elimination of the middle man, that is, they said, of squeeze. Whether buying and selling was now entirely in the hands of the hundreds of cooperatives which had sprung up overnight or of a monopoly concern was not explained. Plenty of cheap Japanese goods were in evidence in various places. The village theater had been turned into a Hsin Min Tea House where free tea was served, and a travelling clinic made its rounds periodically. But opportunity was not permitted for proper investigation.

Another example of agrarian policy in practice was at Liang Hsiang Hsien, a district southwest of Peking. Here the Hsin Min Hui conducted a large-scale experiment upon which a voluminous report was published but to which no foreign observers were allowed to go. (See Appendix for translation of the report on Liang Hsiang Hsien.) It is interesting that the political side of the program appeared to be much more fully worked out than the economic. Even on paper there was no scientific solution of the agrarian problem.

On the agrarian side an example of planning may be taken

from the speeches of Mr. Wang Yin-t'ai, Minister of Industry<sup>3</sup> in the Provisional Government. "In recent years the Communists have seriously destroyed the villages in the whole of China, so that the people's prosperity has disappeared. As the people become poorer, the Communists have a greater chance to attract them. Now we should first relieve and train the farmers. When they are well-educated and have a satisfactory livelihood, the Communists will not be able to attract them. Therefore, rural reconstruction is very important in the establishment of the New China." There are comparatively few references to agrarian policy in the speeches and propaganda of the Government. In the opinion of the Sino-Japanese Economic Union (November 20, 1938) there are many things to be done in North China, such as the cultivation of fallow land, dredging of flooded areas, repair of river dykes, irrigation of dry lands, washing of saline land, etc. But the main task at present "is to increase cotton and wheat production."

A further statement of policy is interesting, perhaps, as it came from the Supreme Economic Adviser to the Japanese military headquarters in North China (November 11, 1938).

<sup>3</sup> The Ministry of Industry announces its policy in the following terms:

*Agriculture and Forestry*

- (a) Planning of agricultural improvement.
- (b) Experimental planting of oak (*cha shu*) trees.
- (c) Establishment of an experimental station at Shanhaikwan for the culture of silkworms fed on oak leaves.
- (d) Organization of the Cotton Experimental Station and Cotton Factory at Cheng T'ing.
- (e) Investigation of crop diseases.
- (f) Control of the Hopei Cotton Improvement Association, of Agricultural experimentation stations in Peking and Western Hills.
- (g) Cooperation. Revision of rules for cooperative societies. Establishment of a training school for cooperatives.
- (h) Rural relief work. Investigation of famine conditions in the villages. Collection of specimens of crop-destroying insects.

The Ministry of Industry claims to have appropriated Yen 1,000,000 of which 50 per cent went into relief work for rural credit in certain appointed areas (Tientsin Hsien, Ching Hsien, Tsang Hsien, Nan Po, Tung Kuang). In the first half of the year 1938, it is said, some 568 cooperative societies were set up with a membership amounting to 49,456, and Yen 435,506 was loaned to the people. In the second half of the year another 94 societies were set up with a membership of 10,242. Out of the remaining Yen 64,494, some Yen 55,645 were loaned.

*Totals*

Societies.....	662
Members.....	59,698
Loans.....	Yen 491,151



First of all, North China agriculture must be reformed. The most important tasks are those of providing seeds to farmers and irrigation. Most of North China's soil is to some extent saline, therefore irrigation and water control are very important and necessary for soil improvement. However such tasks need no great expenditure. In Lu Tai in East Hopei the expense of improving three thousand *mu* of land amounts to only two or three hundred thousand dollars. For the purpose of strengthening the purchasing power of North China farmers there is no other way except the exchange of goods for goods: cotton must be exchanged for cotton cloth. Although agricultural reform is important, the development of iron, coal, and minerals should also be carried on quickly.

This statement at least recognized one important principle, that the purchasing power of the Chinese peasant must be increased if there is to be a market for Japanese goods; the weakness of agrarian planning is that it does not include any serious solution of the agrarian problem or any convincing suggestions for raising this purchasing power of the Chinese peasantry.

Plans for agriculture would obviously remain on paper until more of the hinterland were brought under control. The plans for industrial and commercial development, and of communications, were held up partly by the military struggle but mainly by the lack of capital. This did not prevent the emergence of a variety of more or less disconnected plans designed to implement the general scheme for the development of North China's raw materials and mineral resources.

There is an eight-year plan for the development of Tangku harbor at a cost of Yen 120,000,000, in the hope that 10,000,000 tons of Tatung coal can be exported annually from there. The North China Cotton Improvement Association aimed to increase production in 1939 to 12,000,000 piculs. There is a five-year sheep breeding plan which was to be started in 1939 in a suburb of Taiyuanfu on 375,000 *tsubo* of land. Australian and New Zealand sheep are to be used. The pastures are to be under military control. If the situation at Taiyuanfu remains the same they will have to be under military protection as well. The Chinese secretary to the local administration in Taiyuanfu admitted that the food for the city came from a radius of only 20 li around Taiyuan. There is a four-year coal plan to develop the Tatung coal fields and increase production at Kailan. There are indeed few others which can be developed; nearly all the Shantung pits were destroyed by the Chi-

nese. Poshan and Tzechwan, the most famous in the province, are beyond immediate repair. According to plan, coal mines are to be under the North China Development Company and the sales are to be in the hands of a subsidiary, formed by the joint investment of the Kochu interests, the Mitsui Bassan Kaisha and the Mitsubishi Shoji Kaisha.

Work has not yet been started but plans are being drawn up for the construction of a waterway between Tientsin and Shihchiachuang. It is proposed to widen and dredge the beds of the Tze-ya ho (in Hsienhsien), the Fu-to ho and the Grand Canal and open a short canal near Shihchiachuang. The first task will be that of securing military control over this area. There are other plans. One is to go ahead with the building of an alternative port to Tientsin at Ta-ching ho. Another is to construct a breakwater to protect vessels unloading cargoes into tugs outside Tangku. The Board of Reconstruction even put advertisements in the press offering to buy books dealing with river conservancy, particularly dealing with the Yellow River.

Paper plans like paper notes will continue to multiply. But no progress can be made in the exploitation of North China until the guerilla situation is cleared up, until some decision has been reached about the general method of exploitation as between the army and the capitalists, and, if the policy of looting is given up, until large amounts of capital are available. It cannot be overemphasized that the general economic situation in North China is one of chaos and confusion. If the success of the Border Government in making the economic life of the hinterland more or less self-sufficient can be counted a political gain, at least from the Chinese point of view, it was certainly an economic loss to North China. This process, to the extent that it had been successful, has led to the limitation of Japanese control and therefore to the intensification of exploitation and expropriation in the narrow confines which acknowledge the writ of the Provisional Government. There seems little reason to disagree with the conclusions suggested by a group of Americans after examining the current economic and financial system in the Japanese-occupied areas in China at the end of July, 1939. (*China Exploitation Co. Unlimited*. The American Information Committee, Shanghai, August 14, 1939.) These were, that production, trade and consumption in these areas are far below the pre-war level, the general

standard of living has been considerably lowered, and a large part of the Chinese people are living on the edge of starvation. The Japanese can neither repair the economic damage they have caused nor promote large-scale economic development. Economic activities are restricted mainly to expropriation and exploitation of Chinese economic enterprises and resources, the volume of profit and production in most cases being less than before the war. In fact, the Japanese have prejudiced the economic future of the country. It is obvious from their methods that the Japanese do not contemplate the economic development of China as such but merely the natural expansion of their own economy into China, and the complete subordination of Chinese economic life to Japanese colonial ambition. Finally, there is overwhelming evidence that the "New Order" is incompatible with the principle of the "Open Door."

## CHAPTER VII

### THE NEW ORDER IN EAST ASIA

The formal inauguration of the "New Order in East Asia" came with the setting up of a new Central Government in Nanking in March, 1940, under the presidency of Wang Ching-wei. This "New Order" might be described as the contemporary phase of Japan's continental policy. It includes the concepts of manifest destiny and the Asiatic Monroe Doctrine; it is the logical conclusion of imperialist ambition. The "New Order," put briefly, means a Japan-dominated China and Manchuria to the exclusion of the Western Powers. The description made by Julean Arnold, American Commercial Attaché in Shanghai for many years, can be usefully quoted as summarizing the non-Japanese view of what this involves. According to Mr. Arnold Japan's hopes include the following nine points: (1) By a policy of terrorism to subjugate the great masses in China, and thereby establish a Japanese feudal military overlordship on the Asiatic continent. (2) To prevent the Chinese from developing the training or equipment necessary for military protection, but to impress into the service of the Japanese armies as much of the Chinese manpower as can be safely and effectively used under Japanese military direction. (3) To set up on the Asiatic continent a grandiose Japanese military machine in preparation for further conquests in the Pacific and eventually to achieve Japan's so-called manifest destiny to rule the world. (4) To secure monopolistic control of China's economic resources, thereby freeing Japan from reliance on America for cotton, tobacco, iron and steel, heavy chemicals, and certain other essential products. In North China, the Japanese are trying to force farmers to grow American-type cotton even at the expense of cereal production, in order to guarantee to Japanese mills the needed cotton at prices probably less than half the production costs of cotton in America. (5) To control and direct all modern industrial developments in China, utilizing the greatest manpower in the world on a mere subsistence wage basis, thereby making possible the flooding of the markets of the world with cheap

Japanese manufactured products. (6) To create in China a monopolistic market for Japanese manufactured products through control of all means of communication and through preferential tariffs and marketing facilities. (7) To set up Japanese-controlled regional puppet governments vested with responsibility but with little or no authority, and answerable to the Japanese military. (8) To eradicate from the Asiatic Continent American and other Westernizing influences, substituting the Japanese language for English and putting into the schools textbooks written in Japan. (9) Under the fiction of relinquishing special Japanese concessions and extraterritoriality, to induce other nations to do likewise, and in reality to develop China as one huge Japanese concession with Japanese nationals enjoying preferential considerations. (See *Amerasia*, June, 1939.)

Mr. Arnold's analysis of Japanese aims is accurate enough from the point of view of the United States and other Powers. It is further evidence of the truth of the thesis elaborated earlier, that the conflict in the Far East at the present time between Japan and the Powers is as deep as that between Japan and China. Nearly every one of these nine points deals with the damage that Japanese monopoly of China would do to the interests not of China but of other countries. But China is not concerned, ultimately, with the preservation of any foreign rights and interests and this side of the argument is of immediate concern to her only to the degree that preservation of these rights and interests helps her in the struggle against Japan. From the Chinese point of view, as the speeches of Chiang Kai-shek have made clear, the "New Order" means the death of the Chinese nation and permanent subjection to the will of the conqueror.

The earliest Japanese definition of the "New Order" is usually considered to have been made by Prince Konoye at a special meeting of the Inner Cabinet on December 22, 1938: "The Japanese Government are resolved to carry on the military operations for the complete extermination of the anti-Japanese Kuomintang government and at the same time to proceed with the work of establishing a New Order in East Asia together with those far-sighted Chinese who share our ideals and aspirations. . . . Japan, China, and Manchukuo will be united by the common aim of reestablishing the New Order in East Asia and of realizing the relationship of neighborly amity, common defence against Communism, and economic cooperation. . . .

And in order to insure the full accomplishment of her purpose, Japan demands, in view of the actual circumstances prevailing in China, that Japanese troops be stationed, as an anti-Communist measure, at specified points during the time the said agreement is in force, and also that the Inner Mongolian region be designated as a special anti-Communist area." He went on to say that Japan sought neither territory nor indemnity for the cost of military operations. "Japan demands only the minimum guarantee needed for the execution by China of her function as a participant in the establishment of the New Order." Finally, Konoye announced the Japanese intention to respect the sovereignty of China and to establish it by abolishing extraterritoriality and returning the concessions and settlements. The main lines of this statement are apparent in the ten-point political program published by Wang Ching-wei on March 30, 1940, at the time of the inauguration of the Japanese-sponsored Central Government of China. (See page 176 for the discussion of the establishment of the new Central Government.)

The Konoye statement attached special importance to North China. It is not surprising, therefore, that when the Provisional Government at Peking was placed under the nominal control of the new Central Government and reduced to the status of a political council, it really remained what it had always been since December, 1937, a semi-autonomous government run by the Japanese army in North China. There was no change in power or personnel; the only loss lay in surrender of earlier pretensions to control over the whole of China. It is not just to take conditions in North China in the spring of 1940 as an indication of what the Japanese hoped of the "New Order," because everything was still in a state of transition and the military task had not yet been fully completed. Conditions at this time can rightly be taken, however, as evidence of the nature of the "New Order" and of the consequences which follow from the manner in which it was to be achieved. Were the Japanese, as they claimed, exorcising the demon of Communism, which held Chiang Kai-shek and the Kuomintang in thrall, and assisting the Chinese in the process of political catharsis? Were they freeing an enslaved people and liberating a nation from the chains of internal and external oppressors? Or were they, as the legal government of China insists, striking at the heart of a people and

forging new chains for China at a time when she was well on the path to freedom?

There is no doubt whatsoever that the Japanese were attempting to impose upon North China a system which some of the people, at least, were willing to resist at the risk of loss of life and property. While it is true that the Japanese army has a kind of messianic complex which leads it to take itself very seriously, there is no reason to suppose that responsible Japanese took at face value the claim that Japanese troops fought and died in China in order to liberate the Chinese people from the thralldom of the Kuomintang and the Western Powers, or to free East Asia from Communism. The Japanese were perfectly sincere in their announced intention of ridding China of the nineteenth century system of indirect rule by the major powers through extraterritoriality, treaty port concessions, and unequal treaties, but they wished to substitute for it a monolithic structure in which China would be nominally free but practically under Japanese control. Japan was fighting to eliminate the cultural, political, and economic interests of the Western Powers from the Far East only in order to substitute her own. It is easy to understand the resentment of the Western Powers against such a "New Order," a resentment which must not be confused with devotion to the Chinese cause. But the resentment of the Powers is not the most significant aspect of the "New Order" in terms of North China. The Chinese, on general principles, are not at all averse to the elimination of Western imperialism. The most significant aspect is the reaction of the people of the northern provinces to the "New Order" and all the things for which it stands.

### *Third Year of the Provisional Government*

Judged in this light, what were the conditions in North China in the spring of 1940? Had Japan given economic prosperity to the Chinese people in return for their loss of political independence? Was law and order and modern government replacing the admittedly backward régime of the Chinese warlords? Could the peasant expect from the new masters better education, better communications, wider markets, reform of the land system, and emancipation from the landlord-gentry? By the spring of 1940 the people of North China should have had adequate opportunity to decide whether there was more to gain by accepting the "New Order in East Asia" than by attempting

to resist it. If it had been merely a choice between the "New Order in East Asia" and the preservation of the Chinese old order, it is possible that the Japanese might have had more to offer the people than their own rulers. But this was not and could not be the choice, for the Japanese New Order included and depended upon the Chinese old order. Those Chinese who were most concerned with the preservation of pre-Kuomintang China were the ones who found least difficulty in cooperating with the Japanese. They accepted, or shared, according to their station, the new exploitation. There was no choice for the people of North China till the Border Government came into existence six months after the occupation.

The issue raised by the Border Government was not that of the preservation of the old China as against the "New Order," but of a Chinese as against a Japanese New Order. The Border Government, which sponsored the Chinese New Order in the North, fought on two fronts at the same time, against the old China and against Japan. The destruction of the old China went ahead so rapidly in the northern provinces that the National Government became alarmed and Border Government troops were occasionally in open conflict with Kuomintang forces in south Hopei. For the same reasons certain sections of the Eighth Route Army stationed in south Shansi came into conflict with the old provincial army of Yen Hsi-shan. It was not that the old China was being preserved in the other unoccupied provinces; rather that the rate of change was different, depending on whether the pressure from the Japanese was distant or immediate. Only in the Japanese-occupied zones did the old China remain unchanged; here a mass of peasants and office seekers lived on under Japanese domination apparently indifferent, so far as active resistance was concerned, to the outcome of the conflict. The Japanese program was bound up, indeed, with an attempt to maintain or restore Chinese political concepts and institutions of the pre-Kuomintang era. In North China, therefore, three Chinas, as it were, stood in conflict: the agrarian, non-nationalistic, non-military, Confucian China idealized by Japan; the military, nationalistic, Westernized China of the Kuomintang; and the agrarian, military, popular, United Front China of the Border Government.

The first question that arises in estimating the situation in the spring of 1940 is which of these Chinas was emerging most



clearly. The issue is mainly between the Border Government and the Provisional Government. But Kuomintang China is important to this study insofar as it colors the program or hinders the operations of the Border Government. The relations between Chungking and the Border Government are relevant to the future of the new China which is struggling for existence in the north. There are many capable observers who are agreed that free China has little chance of frustrating the "New Order in East Asia" so long as it is limiting its ideals to the restoration and preservation of the Kuomintang pre-war political concepts. The ultimate significance of the type of resistance which has arisen under the Border Government's leadership, therefore, can be measured only in terms of political change in the whole of free China. This political change was weakest in the center, strongest at the extremities. The amiable relations between high Communist leaders and their Kuomintang colleagues in Chungking were consistent with the bitter conflict in such marginal areas as North China where the attack on the old China was necessarily more urgent and more practical. The significance of the new forces which arose most vigorously where the "New Order" was most vigorously prosecuted, and their position in the context of Chinese political change can best be illustrated by reference to the struggle of Yen Hsi-shan to maintain the reactionary political and social system which he had built up in Shansi Province. It must be remembered that the Border Government controlled only the northwest corner of Shansi and that very different developments took place in those parts of the province where Yen Hsi-shan continued to be of considerable political and military importance. Partly because he was still strong and skilled enough to play a hand in the struggle, partly because the Eighth Route Army had to follow its own slogan of the United Front and therefore cooperate with officers approved of by the Kuomintang, Yen Hsi-shan was able to retain considerable control over his one-time "model province."

Political changes were already under way in Shansi before the war. Unable to resist by force the challenge of the Red Army in the west and the Japanese in Suiyuan to the north, Yen Hsi-shan sought to bolster up his power by permitting the organization of the *Hsi Meng Hui*, or the Shansi Sacrifice Union, inaugurated on September 18, 1936, the fifth anniversary of the Mukden incident. This new party announced its aim as the

mobilization of the people in resistance to Japan, in other words, the same objective as that of the Eighth Route Army. The program included an effort to secure one million members, the arming of three thousand men, and the encouragement and organization of an economic boycott of Japan. As the political consequences to an autocratic warlord of arming three thousand of the people he had so long exploited were serious, it must be assumed that this effort to "dish the Whigs" was undertaken only under the most serious pressure from the Red Army. Yen Hsi-shan's purpose was to guide this incipient mass movement himself but at the same time to take adequate precautions against its possible growth by promoting the formation of an Anti-Communist Corps or *Fan Kung T'uan*. For the time being he was saved by the agreement reached between the Kuomintang and the Communists at Sian in December, 1936, which led to a decrease in the pressure exerted by the Red Army.

The first months of the war revealed the hollowness of the political system upon which Yen Hsi-shan had built his power. As his armies crumbled under the Japanese onslaught, Yen turned to the *Hsi Meng Hui* as the only group which had the influence and ability to help him in his plight. He ordered 30,000 rifles to be given to the Union, which was allowed to form its own military units, called the Dare to Die Corps. When Chinese defense of Shansi grew more successful, Yen thought himself strong enough to clip the wings of the Union and limited the issue of rifles to 10,000. But with the fall of Taiyuan late in November, the old political machine lost prestige completely and Yen was compelled to put new life into the Sacrifice Union. Acting as commander of the military district of Shansi, a post to which the Central Government had appointed him, Yen permitted the Dare to Die Corps to grow in numbers, and appointed sixty magistrates from the ranks of the Union. He allotted southeast Shansi to the Eighth Route Army and northeast Shansi to the Border Government of Shansi, Hopei, and Chahar. (Mr. Sung, Chairman of the Border Government, came from the *Hsi Meng Hui*.)

The comparative stability in the military situation after the fall of Hankow in October, 1938, encouraged the forces of reaction in Shansi. Yen gave less support to the Union which was already, from his point of view, getting out of control, and leaned heavily upon his old political allies. In the spring of 1939,

he struck at the Union by abolishing the system of political commissars in the Dare to Die Corps, by placing his own appointees in charge of half its men and by insisting on the personal loyalty of regimental commanders to himself. Lastly, by raising the salaries of military officers in the Dare to Die Corps to the level of those in the provincial armies, he sought to undermine the influence of the political commissars and restore class distinctions. These measures, taken at a conference of high military and political leaders at Ch'iulin, were reinforced by a direct attack upon the position of the Union within the administrative system. It was ruled that supervisors (the supervisor, as here used, means the official in charge of an administrative district which includes about nine *hsien*), of whom the Union controlled seven out of the eleven in Shansi Province, should no longer appoint *hsien* magistrates—in future they were to be appointed by Yen himself. Later in the same year there followed a much more serious effort on the part of Yen Hsi-shan to smash the power of the Sacrifice Union. Schools, newspaper premises, and the local offices of the Union were attacked by armed bands. The Sacrifice Union answered the policy of terrorism with a manifesto issued on October 10 reaffirming its opposition to compromise with Japan, its refusal to allow the United Front to be broken up, its independence from the Communist Party, and its determination to resist reaction. Fighting followed between the Union and Yen Hsi-shan. In west Shansi fighting between these groups was still in progress in the spring of 1940. In southeast Shansi, where Yen Hsi-shan was not so strong, it looked as if the rival forces might involve Central Army troops supporting Yen and the Eighth Route Army supporting the Dare to Die Corps. Yen Hsi-shan, therefore, created a new "guerilla area" in southeast Shansi under the command of one of his own men from the old Shansi provincial army. In November, 1939, the Central Army troops actually intervened against the Dare to Die Corps and the administrative officials of the Sacrifice Union. It has been estimated that probably Ch.\$1,000,000 worth of property—six small arsenals, a hundred odd cooperative stores, various stores of grain, uniforms, and coal—belonging to the Dare to Die Corps, was destroyed or looted in east Shansi. Over a thousand military and political officials of the Sacrifice Union were killed or taken off for training.

During the conflict the Border Government, preoccupied with

its own problems and military activities, managed to keep itself intact. The strategy of Yen Hsi-shan has resulted in a situation in which he has put himself at the mercy of either the Central Army or the Eighth Route Army. He has crippled the one progressive force which could have provided a middle way in Shansi, and has guaranteed himself an undistinguished future. If the Border Government can be taken as an example of what the *Hsi Meng Hui* could do, when given the proper conditions, it is clear that the efforts of Yen Hsi-shan to bolster up a tottering political system have been disastrous for Shansi Province. Not until the last political remnants of the past have been destroyed will there be any hope for aggressive popular resistance to the Japanese among the majority of the people of Shansi. (The author is indebted for much of this material on Yen Hsi-shan to Mr. Aylwin Hogg.)

The fighting between Yen and the Union can be interpreted as arising out of the conflict between the Kuomintang and the Communists, or rather the Central Armies and the Eighth Route Army, between whom there has actually been open fighting in Central Hopei, though not of a serious nature with respect to the number of men involved. As far as can be judged, the immediate issues at stake were matters of definition of frontiers, as between the Border Government and the Kuomintang-appointed civil governor of Hopei, Lu Chung-ling. On the other hand there has been considerable military cooperation between Lu Chung-ling and the Border Government against the Japanese in Central Hopei. In other words, the most important conflict is between the old China and the new, categories which are not identical with the Kuomintang and the Eighth Route Army. It must be remembered that the Kuomintang itself is engaged upon a struggle with the reactionary forces of old China in many parts of the country and that the Central Government went so far as to execute a warlord, Han Fu-chu, who was no better and no worse than Yen Hsi-shan. The Kuomintang must not, therefore, be denied its share in the effort to eliminate the relics of warlord China or in the attempt to build up a new order far in advance of the ideals of 1937. At the same time, however, there was the determination to prevent an accumulation of forces which would press political and social change in free China at a speed and in a direction unacceptable to the

Central Government. It was inevitable that the speed and direction of change in areas behind the Japanese advance should be more urgent and thoroughgoing than in those parts of China that remained comparatively unmolested. In Shansi, Hopei, and Chahar, unpopular resistance to the Japanese would have been a contradiction in terms. Government could not exist nor armies fight without the active cooperation of the people.

If the Kuomintang was less anxious and ready than the Border Government to seek and insure popular support, the reasons lay largely in the fact that Chungking was further from the fighting front than the movable capital of the Border Government. The unifying effect of immediate contact with the enemy can be seen in the contrast between the cooperation of military units belonging to the National armies, the Border Government, and one or two small, semi-independent guerilla bands, in Central Hopei, and the open conflict in southern Shansi. The United Front worked well in Chungking and on the firing line, but cracks appeared in such buffer areas as Shansi, cracks which undoubtedly assisted the Japanese in their drive on the southern part of the province, but which were never deep enough to endanger the continuation of the Chinese United Front. In fact, officials of the Border Government stated privately to the writer that they hoped the Sino-Japanese war would continue for some time to come. They felt that only under Japanese pressure would the reactionary forces of the old China be overcome, and the foundations be laid for a new social and political order. So long as the conflict continues the dominating pattern of government in North China will continue to be that one sponsored by the Border Government. Only peace could endanger the United Front. (Note statistics on Party Membership in Border Government.)

The relation of the Border Government to the people of North China underwent some changes as the struggle with the Provisional Government grew more severe. In the spring of 1940 the Border Government still controlled, at least nominally, the same territory that it had claimed in the summer of 1938. Continual Japanese campaigns, in which Manchurian troops and locally trained Chinese "puppet" armies were used, led to the occupation in the name of the Provisional Government of most of the *hsien* cities. In fact, by the end of 1939 all the *hsien*

cities but one, and most of the big towns throughout the district, were garrisoned by the Japanese, who also controlled the railways and the main roads. Much damage had been done to civilian property. The food situation became serious, although it was probably no worse than that in Peking itself. The famine conditions which spread over most of North China were not entirely due to the war; they were made worse by drought, floods, insect plagues, and typhoons. Crops were practically burned up by drought, then washed away by floods, while such crops as remained were consumed by insects. Peasants were again reduced to eating leaves and compounds of dirt, bark, and crop remnants. As hostilities interfered with the movement of food from areas where it was available to famine districts, conditions were equally bad for the occupied and the unoccupied areas.

In such a situation it would be natural to expect political disaffection, especially among those peasants who lived in areas which were constantly changing hands, but although reports came into Peking of strained relations between the Border Government and the peasantry, there was not, so far as can be ascertained, any serious secession. In fact, early in 1940 the Japanese armies were already beginning to lose such control of the Hopei plain as they had achieved in 1939. The garrisons which had been put in the *hsien* cities gradually dwindled away in the process of pacifying the surrounding countryside, and their activities outside the city walls ceased as they lost nearly all their local transport. By 1940 Chinese control was sweeping back to the railways.

Disaffection might have been a serious problem for the Border Government if there had been any violent contrast in economic conditions between the hinterland and the railways, but the famine that visited the one government did not neglect the other. The feeding of large numbers of refugees was difficult everywhere. Distress in the occupied zones was probably even more serious than in the hinterland because the old exchange of manufactured goods from the big cities for crops from the interior has ceased; the hinterland either does without or manufactures its own requirements, and much of the area formerly under cotton is now growing foodstuffs. The shortage in the occupied zones must therefore be made up from imports from

Japan or other countries.<sup>1</sup> The import surplus of Yen 11,100,000 in Japan's pre-war trade in foodstuffs with North China has thus been turned into an export surplus of Yen 45,100,000, a fact which has neither solved the food problem of North China nor improved the food situation in Japan. Small wonder that the big cities and towns of North China have witnessed food riots and that reports coming in from independent observers tell of rising economic distress and acute famine conditions.

The Provisional Government was hindered by the shortage of railway rolling stock and inability to secure food from Manchuria, formerly the granary of the North in times of famine. There are also charges that famine relief was prevented by Japanese racketeering, that large stocks of grain in Tientsin could not be moved without the payment of money to those who control communications. So desperate was the situation that the government attempted to fix prices and arrange some sort of rationing system, but the organization was so inefficient and corrupt that the attempt failed. This did not involve much change as far as the poor were concerned, for under the price-fixing system supplies were limited and many people could not buy at all or had to wait all day in queues. When fixed prices were abolished, prices immediately went up, almost to the old unofficial rates, and more grain was released, but the high cost again excluded the poor. The price of wheat flour, the staple food of North China, already three or four times above normal, increased another 70% in the first two months of 1940. North China was starving.<sup>2</sup>

Owing to lack of leadership, starvation in North China has not led to widespread rebellion by the Chinese population living under Japanese rule. The campaigns against the hinterland have been severe enough to frustrate any effort that might have been made to lead rebellion, if such had been the policy of the Border Government, in the occupied zones. Social control has been effective enough to stop "fifth column" activities. The most that the Provisional Government has to fear within its own territories is local unorganized expressions of exasperation against high prices and shortage of food. Such exasperation and

<sup>1</sup> Japan's imports of foodstuffs from North China amounted to no more than Yen 7,100,000 in 1939 as against Yen 14,600,000 in 1936. Her own exports of foodstuffs to North China, on the other hand, rose from Yen 3,500,000 in 1936 to Yen 52,200,000 in 1939. *China Air Mail*, ed. Gunther Stein, Hongkong, February, 1940.

<sup>2</sup> *China Air Mail*, ed. Gunther Stein, Hongkong, February, 1940.

disaffection, however serious, cannot easily be organized for political ends. Nor is it likely to result in migration to the hinterland where conditions are also bad and military operations endanger life and property. On the other hand, if the tide of war should turn against the Japanese, it will be easy to persuade North China peasants that the "Mandate of Heaven" has been exhausted.

In the Border Government areas the acute sufferings of the peasantry during the campaigns against the guerillas might well have led to extreme measures incompatible with the interests of conservative groups and incompatible with a multi-party government. This did not happen, however. Statistics taken in the fall of 1939 showed that the composition of the Border Government still reflected the United Front. For example, 80% of its officers were non-party men, 12% belonged to the Kuomintang and the remaining 8%, presumably mostly Communist, included all other parties. In two years of rule some changes had taken place in the direction of popular government but nothing to which serious objection could be made by progressive members of the Kuomintang. Village councils, which elected the head of the village, were now selected by a popular vote which sometimes reached as high as 80%, and women, who had never been accustomed to assuming political responsibility, were occasionally registering a 60% vote. District heads (*Ch'u chang*) have not yet been elected. But every village was organized, men, women, and children, to assist the army in one capacity or another, by transporting military provisions and government supplies, cooking food, washing clothes, carrying wounded, spying for and guiding their own armies, which are 80% local men. So well organized are the villages now that when the Japanese approach, the people evacuate the village completely, bury their food, remove all animals and utensils, and retire into the hills. The Japanese must, therefore, bring with them everything they need. The behavior of the Japanese troops, in spite of various efforts by their commanders to modify it, the burning of houses and crops, the killing of men and animals, the raping of women, helps the Border Government in its anti-Japanese propaganda. This, combined with the deliberate and efficient policy and propaganda of the Chinese has made the anti-Japanese movement a real mass movement.

There is one sense in which the Border Government has



moved more to the left, and that lies in the development of a "people's army" officered by the old Eighth Route Army. These troops, sometimes called the New Eighth Route Army, now number perhaps a quarter of a million men. In spite of the food shortage, reports coming in toward the end of 1939 still referred to the excellent behavior of the troops toward the peasants who are treated, apparently, with as much kindness and consideration as the situation permits. The army is not given any privileges. It has low pay, spartan diet, inferior clothes and equipment, poor lodgings, and few comforts; yet it is cheerful, loyal, and enthusiastic. This is no small achievement considering that most of these men were in the fields at the end of 1938. A people so organized cannot be overcome by repressive measures and terrorization; such techniques can succeed only in areas like East Hopei, where political preparation and organization were inadequate.

Power of government has increased rather than decreased, in spite of Japanese occupation of the *hsien* cities. The note issues of the Border Government, printed on poor paper, circulate at par with Central Government legal tender and appear to be quite stable after two years of war. Simplification of the taxation system, outlined at the Fuping Conference, seems to have been carried out in spite of all obstacles. Now there are only land tax, import tax and export tax. Land tax is less than before, at least for the poor, and the other taxes are not very heavy, being imposed mainly for control of trade with the occupied areas. The heaviest burden the farmer carries is the grain contribution to the army, an imposition which makes the total burden of the peasant heavier than in the years immediately preceding the conflict, though still below that of the pre-Kuo-mintang civil war period.

The Border Government has achieved much in the way of political experimentation and progress when these things are considered in the light of its own objectives and the context in which it came to birth. But the same conditions limited, in other directions, consolidation and development of government. The conduct of guerilla warfare, by its very nature, involves the separation of the hinterland from the modernizing influence of the railways. The constant attempt to destroy modern factories and means of communication, the restriction of "cash" crops, the return to self-sufficiency in agriculture, and the revival of

small scale handicraft production set severe limitations to the growth of political and economic institutions. There was, among government leaders, a glorification of the simple life, an indifference to hygiene and modern technical devices which was partly imposed by primitive conditions of life, but in the main reflected a complete lack of scientific training or interest. The leaders of the Border Government were students of politics, not economics. They knew a great deal about Communist theory and practice, but ninety-five per cent of them had never seen or worked in a factory employing more than fifty men. They were not scientifically trained, they had no technical skills, they were not machine-minded. The Border Government, in a sense, was attempting to apply an advanced and sophisticated political system, which owed its origin to very different conditions, to a population living on a very low economic level. But while Border Government leaders neglect no political device which is of service, they fail to take many measures which would involve and indicate a knowledge of science. To be just, it must be said that there is nothing in the Chinese mind to constitute a fundamental barrier to the scientific spirit; rather there is an almost complete lack of scientists in the northern hinterland.

The introduction of men with scientific education and spirit would facilitate the work of government and perhaps help to develop such forms of industry as conditions permit. The telephone, and especially the radio, are invaluable to an administration expecting to suffer from constant invasion of its territory, but this area of 14 million people contains only a handful of men who would know how to repair a telephone line and even fewer who could operate or repair a radio. Even more than technicians this area requires men who have a sound grasp of the fundamental principles of science and can utilize the very simple materials that are at hand. The Government is theoretically aware of the lack of technicians and makes vigorous efforts to overcome it by sending out agents to the big cities to persuade graduates of universities to come to the Border district. But the Government contains no scientists among its members and only a scientist would appreciate the extent to which science could aid and assist the anti-Japanese movement. Something has been done in the way of encouraging small industrial cooperatives or private concerns, but here the chief lack is of skilled workers of whom there are plenty in such cities as Peking and Tientsin.

The agents of the Border Government have been unable to persuade any considerable number of these men to leave the cities, in spite of the fact that high wages are offered.

This is yet another illustration of the thesis that both the parties which sought to create political bases of government in North China began with a non-politically minded people. So long, apparently, as the Provisional Government can prevent the people under its direct control from feeling the warmth of the Chinese revival in the hinterland, it need not fear any measurable diminution in the number of its subjects. The thing that changed the attitude of the North China peasant was not so much the propaganda of the Eighth Route Army as its actions. The peasant has listened to so much propaganda during the last few decades that he does not come easily under its spell. It was the demonstration, in practice, of the changed attitude of Government toward the people that persuaded the peasant of the duty and the possibility of resistance. There was no way by which the skilled workers of the occupied cities could be brought under this spell.

The same was true of doctors. Until recently there was only one doctor who could perform operations for an army of several hundred thousand men and a population of 14 million people. Even now there are only four or five good doctors in this area and no one responsible for public health; yet there are plenty of Chinese doctors in Peking and Tientsin who understand the issues at stake, and who have much less excuse for not assisting in the work of resistance than the skilled factory workers whose lack of general education and whose slender economic reserves make understanding and mobility difficult. There are many Chinese doctors in the occupied cities who assist, it is true, in the securing of medical supplies for their compatriots in the hinterland. But valuable as this work is, these men would be of much greater service in the field. There are many superficial reasons, such as lack of equipment, maintenance of their families, and fear of reprisals, which prevent them from enlisting in the Chinese armies, but one of the most fundamental reasons is the one which has robbed China of a great deal of her potential leadership—the enormous gap, unbridgeable to many, between the educated and the illiterate, the governing and the governed. It would take a brave man as well as a patriot to leave a comfort-

able life in the cities in exchange for the low salaries and primitive conditions prevailing in the Border districts.

The subordination of everything to political concepts is very apparent in the sphere of education. The distinction between education and propaganda has almost completely disappeared; everything is molded into the pattern of anti-Japanese resistance. The most important educational institution supported by the Eighth Route Army at its base in Yennan, Shensi Province, is called the "Anti-Japanese University." According to observers the same tendencies are apparent, although they have not gone so far, in Chungking and the rest of free China, but under the Border Government the issue has definitely been settled in favor of propaganda. An examination of the textbooks now in use shows that history means only the story of China's oppression by Japan; geography, the account of battles; general knowledge, the methods by which the people may help the army; and reading means the learning of slogans. It would be idle to apply external standards to policies born in the heat of battle, but even from the point of view of the Government itself, it might be argued that there is danger in tying up the processes of education with political policy; for policy may change again, as it changed in 1935. It argues a certain fundamental disrespect for the political intelligence of a people when the educational system is made subservient to "foreign policy," when masses of men are expected to accept the new slogans as readily as the old. The change in the attitude of the Communist Party towards the Kuomintang and Chiang Kai-shek is a case in point. At the same time the most urgent task before the educational system is to secure popular acceptance of certain symbols and this must be accomplished so quickly that education in the liberal sense of the term is necessarily sacrificed.

Such considerations are relevant to the nature of the political system which the Eighth Route Army has built up. This system is obviously based less on law or allegiance to Government than upon a common motivating purpose, the purpose of defeating Japan. Cooperation which is willing is not necessarily democratic; the common purpose may be politically justifiable, but from a long term view, if the appeal be mainly to hatred and selfishness, certain difficulties arise. When that purpose is achieved, there will still remain the problem of political obligation. In fact, those who have traveled in the Border districts

have observed that the Government, by its own admission, finds it much more difficult to secure the cooperation of the people when the enemy has been dispersed and conditions are again peaceful. There is no question of the devotion and self-sacrifice that Communism and nationalism inspire, because on this basis an admirable civil service has been constructed. But if the need for national resistance ever becomes less urgent, it would be reasonable to expect the mass movements and popular institutions to direct their attention to internal objectives. If the external enemy is removed, the whole basis for the United Front disappears and the hatred which once united men against Japan may divide them against each other. In other words, the people of North China, and this is what the Kuomintang fears over all, are being indirectly trained in the techniques of social revolution. The United Front was brought into being for the conduct of the war, and its first condition was the postponement of all major changes in the social structure; it could hardly be expected to survive any serious effort, either during or after the war, to change that structure fundamentally. The changes already effected have been made within the old social framework, and modest as they are, they have aroused resentment against the Border Government among conservative groups in Chungking. From the political point of view, therefore, the future of resistance in North China depends largely on the political complexion of the dominant groups in Chungking and the degree to which they are willing to accept those measures and that strategy which the Border Government considers necessary for the conduct of the war.

#### *From Provisional Government to Political Council*

The problem of the political and legal status of the Provisional Government was settled on its incorporation in the Central Government set up in Nanking on March 30, 1940. In name it became a part of the Wang Ching-wei régime but in fact retained its original power and personnel. It will be recalled that the original plan of the Japanese army in North China, the five-province scheme, was frustrated, not by the Chinese, but by the Kwantung Army, which incorporated the provinces of Chahar and Suiyuan into its own Mengchiang autonomous régime. Nevertheless, the Provisional Government of Peking announced that it "would aspire to represent not only

North, but Central and South China as well." A rival claimant to the throne soon emerged with the "Reformed Government" of Nanking, established March 28, 1938, three months after the fall of the Chinese capital. These three months had been spent in bitter internal quarrels within the Japanese army in Central China as to which group was to control the new régime. Once the issue was settled, and the new government established, it became clear that there would be a struggle for power and territory between the two most important Japanese-sponsored régimes. The centrifugal forces included not only Japanese generals and bureaucrats, who had a vested interest in continuation of the government with which they were connected, but also the Chinese puppets themselves who had a similar interest in resisting centripetal tendencies originating in Tokyo, the furtherance of which would rob them of their position. There is plenty of evidence that in the negotiations which took place for the establishment of some kind of *modus vivendi* between the various régimes, Chinese officials did their best to play off the Japanese against each other.

The first concession that the North China army made in the direction of centralization was its agreement to join the "United Council of China," established September 22, 1938. The Council barely papered over the cracks between the Peking and Nanking régimes. A step toward this collaboration, which in effect meant the surrender by Peking of its original claim to the government of the whole of China, was taken on June 18. In a joint declaration the Nanking and Peking régimes warned the Kuomintang of its wrongdoing and urged it to come to its senses. Representatives of the two régimes then met at Dairen where they finally agreed to the establishment of the United Council of the Republic of China, to membership in which the most important men of each government were elected. This United Council never became anything more than a liaison committee which met only very occasionally to regulate relations between North and Central China. Until March, 1940, however, it served as a substitute for a central government. Its functions were limited to the issuing of statements of policy; it had neither executive nor legislative power. On January 10, 1939, for example, the United Council took occasion to issue a statement on the loan agreements between the National Government of China and Great Britain and the United States.

The United Council declared that it refused to recognize contracts of this nature "concluded by the Kuomintang-Communist faction with whatever third parties. . . ." The United Council went on to say: "We desire solemnly to point out at this opportunity that the people of China would take no responsibility whatever in future for loans of this kind, that we are absolutely unable to recognize whatever concessions the Chiang Kai-shek régime might or may grant in exchange for the loans, and that the United Council of the Government of the Republic of China would be compelled to take whatever steps may be deemed necessary against the movements of commodities that the Kuomintang-Communist faction may try to make as compensation for the grant of loans." Such declarations of policy, of course, were merely designed to prepare the way for whatever government should be established through the whole of China, but the United Council, as such, had no legal or constitutional basis, no seat of government, no governmental powers. Nor was it formally recognized even by Tokyo.

In the Provisional Government of Peking there were two main schools of thought as to the future of this régime. The one, still ambitious for domination of the whole country, sought to bring out Marshal Wu Pei-fu as the leader and head of a Japanese-sponsored government of China. Desperate efforts to persuade him to play this role foundered upon his obstinate refusal to accept such a position on any terms short of the withdrawal of Japanese troops. The hopes of his supporters disappeared with the death of Marshal Wu at the close of 1939. The other group sought a solution in federation. The argument ran that a government of federated states was the most natural form for China because China's provinces are at different levels of civilization and of varying economic condition. The five economic centers of China, it was said, should each dominate a political unit. There would be the following economic centers: Canton for the provinces of Kwantung, Kwangsi, Kweichow; Hankow for Hunnan, Honan, and Szechwan; Shanghai for Kiangsu, Chekiang, and Anhwei; Tientsin and Peking for Hopei, Shantung, and the Northwest; and Mukden for Manchuria. These should be linked together in a great state under one federal government. A rough translation of one of the Japanese statements on this problem from an article in the *Hsin Min Weekly* is a useful summary of the view that this group took of

the problem of China before the establishment of the United Council:

As to the Provisional and the Reformed Governments, conditions are very unfavorable for their amalgamation which has been talked of for some time by the statesmen of the two governments. In the first place, the two governments differ from each other in the political and economic fields and in the field of foreign relations. This is also true among the three governments, if the Autonomous Government of the Mongolian Federation is brought into our discussion, for these governments are established on different economic bases. Each has its own political condition and each should go its own way. The Mongolian Government is the earliest of the three to have its own currency and to have the institution of an independent nation; for the old economic and political systems of this region were very simple, and it is very easy to replace them with the new, through Japanese authority. In the second place, owing to its early establishment and because of considerable serious study, the Provisional Government has made striking progress in such ways as the establishment of the Federal Reserve Bank in the spring of 1938 and the reorganization of economic development, mainly under the North China Development Company. As for the Reformed Government, things are not so simple. There are the highly and complexly developed metropolis, Shanghai, on the delta of the Yangtze, and the Yangtze Valley where foreign influences are very complicated. New economic systems are not yet in existence and the reform of currency has not yet started. The Reformed Government is doomed to be of a slow growth, slower even than that of the Government which may be erected at Hankow after the occupation of it by the Japanese forces. Therefore, although the various governments have the same aim and go in the same direction, their real economic and political conditions are peculiar. It is impossible to put these regions under one authority.

Judging by actual developments, we may see that the Provisional and the Reformed Governments are likely, with their respective delegates, to form a central committee which will in its later evolution develop into a federal government. The Mongolian and any new government may also join the federation which, I think, is the most natural and reasonable form of government for the New China of today.

The negotiations between the Japanese and Wang Ching-wei were long and difficult. Not least among the difficulties was this antagonism between the Reformed and Provisional Governments, to say nothing of the Kwantung Army's régime in Mongolia, the Mengchiang Government. Wang Ching-wei had long conferences with Wang Keh-min and Liang Hung-chih who were quite naturally concerned about their own personal future in any new political set-up. Before the Tsingtao conference in which final arrangements were made for the inauguration of the new Central Government of China, Wang



was deserted by two of his chief supporters, Kao Tsung-wu and Tao Hsi-sheng. They fled to Hongkong and revealed what they claimed to be the text of an agreement signed between Wang Ching-wei and the Japanese on December 30, 1939, together with a note presented to Japan by Wang in August, 1939. In the secret agreement North China came in for special treatment. According to the section dealing with the readjustment of relations with the Provisional Government, the term "North China" was used to cover Hopei, Shansi, and Shantung provinces and that part of Honan Province lying north of the old course of the Yellow River. The term "Provisional Government" was to be replaced by "Political Council of North China," the authority and organization of which was to be discussed and determined by the Central Political Council of the new régime in Nanking. In the meantime, however, before the establishment of the Central Political Council, such matters were to be taken up for agreement between Wang Ching-wei and Wang Keh-min.

The Political Council of North China was to be independent of Nanking in everything but the name. According to article four, the authority and organization of the Political Council were to be fixed in such a way as to enable it to fulfill certain specified requirements. In the first place, these requirements were clearly based upon the view expressed in article two "of the special character of North China in that it is the zone where the absolute solidarity between Japan, China, and Manchukuo exists, especially with reference to national defense and economic development." Japan obviously intended to keep North China under permanent military occupation; she also planned to make this area an integral part of the Japan-Manchukuo economic bloc. This is made clear by the fact that the new Political Council was to keep the Federal Reserve Bank system until further notice; it was to be entitled to a certain stipulated amount of the surplus of the customs revenues, the salt tax, and the entire yield from the consolidated tax, though the said revenues and taxes are in principle the sources of income for the Central Government. The Political Council was not only to receive but to administer national taxes in its area; it could even float loans; it was to be the owner of government property; it was to administer and manage all North China railways including the Lung-hai Railway. The Political Council was to

be financially independent and have the power to appoint its own officials excepting those of ministerial rank. Most important of all, perhaps, was the distinction made between diplomatic negotiations with third powers, which were to be conducted by the Central Government, and "negotiations for the settlement of local affairs with Japan and Manchukuo," which were to be undertaken by the Political Council of North China. In other words, the Provisional Government of China at Peking was sublimated into a new kind of "puppet régime." To all intents and purposes it was an integral part of the Japanese political, economic, and military system, far more so than the Central Government, but for purposes of dealing with third parties it remained part of the Wang Ching-wei régime.

The provisions contained in the alleged agreement between Wang-Ching-wei and Japan as they relate to North China agree with the definition of the new status of the Provisional Government as outlined by Wang Ching-wei at the time of his inauguration. Japan apparently has no intention of retreating from North China, whatever the outcome. The Political Council emerges as a "puppet régime" one place removed; Japan makes one "puppet," Wang Ching-wei, responsible so far as international relations are concerned, for another "puppet," the Political Council of North China, over which he has no control. While Japan has forced the new Central Government to grant her a special position of economic privilege in the Yangtze Valley, she is apparently willing to bargain about this with third powers. But there are to be no bargains about North China. If the Wang Ching-wei régime fails, the Political Council will not come down in the ruin for it is in the new régime, but not of it. The only changes which the Provisional Government has to make are those connected with the adoption of one national flag, the old flag of the Kuomintang, and the acceptance of the new and "true" Kuomintang under the leadership of Wang Ching-wei. It has been reported that Wang Keh-min accepted the new flag with the greatest reluctance, as well he might, for much time and energy has been spent in popularizing the old five-barred flag of the Republic in the North.

The new set of symbols which have been adopted, the revived National Government of China with its Five Power Constitution, San Min Chu I, party organization and com-

mittee system, are at variance with the symbols established by the Provisional Government. The same problem does not exist in Central China, but in the North there is a new political party, the Hsin Min Hui and a new political principle, the Hsin Min Chu I, to replace the Kuomintang and the San Min Chu I. Neither of these had been crowned with success. More might be expected, in terms of political assent, from the new approach, but to popularize the regenerated Kuomintang, the sun flag, and Wang Ching-wei, would require at least a considerable re-writing of propaganda. It is difficult to believe that all that has been done will be undone in North China. In fact, reports coming from the north nearly a month after the establishment of the new Central Government state expressly that Peking seemed little concerned with the event.<sup>3</sup> It was the general opinion of most Chinese and foreigners that "North China will continue to enjoy the most complete autonomy—from Nanking. There were no public celebrations and no posters. A few buildings flew the yellow-pennanted Nationalist flag, but all public and private Japanese buildings still displayed the old five-bar flag. The populace showed the least interest in the event, the majority being apparently unaware that any change in régime was taking place." Such news could hardly be expected to excite much comment at a time when the dark specter of hunger hung over the north and even Peking newspapers carried such headlines as "Food Shortage Acute in Peking. . . . Starvation Grips North China!" The establishment of yet another government did nothing apparently to appease the discontent of hungry people, and some observers report that the responsibility for these conditions is being attached to the Japanese.<sup>4</sup>

The Japanese have been as unable to discover a social and

<sup>3</sup> *China Information Service*, No. 42, April 26, 1940.

<sup>4</sup> An American resident in North China, a man of international reputation, sent the following report, dated April 3, 1940:

"There is no doubt about the tragic futility of Japanese occupation in this area. In Southern Hopei and in Shantung there are widespread famine conditions. Either guerilla activity or banditry is rife throughout these northern provinces, and Japanese occupation of any given locality follows an irregular ebb and flow. Their burning of villages, savage warnings in the form of killing and burying alive are constant. Food is ever mounting in price and is difficult to obtain, and the control is chiefly greedy racketeering in which Chinese and Japanese share. The sale of opium and derivatives and the compulsory planting of the poppy are either enforced or protected by the Japanese military. A most striking aspect is the swelling animosity of even the common people so accustomed to submit patiently to any oppression."

political basis for a puppet régime in Central as in North China. The most significant fact about the new Central Government from the political point of view is the attempt made to split the Chinese ruling class by bribing Wang Ching-wei and his associates with power and position. In theory this is no new government; it is the old government returned from Chungking. In theory Wang Ching-wei is Acting President, pending the return of President Lin Sen. This government represents, it is said, the true and orthodox line of Kuomintang succession under the leadership of the favorite disciple of Sun Yat-sen. Those members of the Kuomintang, now in the wilderness in Chungking, who come to see the errors of their ways will be welcomed back into the fold. Chinese armies have even been ordered by this régime to cease fighting the Japanese.

Such is the new basis for political power in Central China, for no one supposes that North China, where strenuous efforts have been made to create a new political party and a new political theory will ever be brought within its orbit. An examination of the text of statements made by Wang Ching-wei and the Japanese Government about the new "National Government," Nanking, show that there is no intention of leaving any real power in the hands of Wang and his associates. If Tao Shi-seng is to be believed (See his articles in *Ta Kung Pao*, Hongkong, February 4, March 3, 1940), the Japanese themselves accused Wang Ching-wei of lacking support in China, and blamed the repeated postponement of the establishment of the new government on the impotency of the "Wang Political Power." One Japanese is reported by the same writer to have said, "Suppose China has three millions of high intellectuals, it will be all right if Mr. Wang can absorb half of them." There could be no clearer expression of Japanese strategy of splitting the Chinese ruling class, a policy which has not been applied in North China, partly because it was always the intention to incorporate the North more closely than any other part of China within the Japanese political, economic, and military structure, partly because the population of North China, after the occupation, was an almost unleavened mass of peasants, workers, and small merchants. On the other hand, it is of interest that the new set of symbols invented for use in the North, the Hsin Min Chu I, and the theory of Wang Tao, were not considered suitable for use in Central China.

There is a confession of failure in the half-hearted revival of the old Kuomintang symbols against which the Japanese for so many years have been venting their rage and scorn, and in the pitiful distinction between orthodoxy and heresy. The result, in the minds of Chinese sufficiently educated or interested to comprehend, will be little other than confusion. This may, of course, be the chief end in view, and the Japanese obviously have something to gain from confused political reactions. Having failed to secure the services of any distinguished and nationally known anti-Kuomintang leader, such as Wu Pei-fu, there was a certain logic, if Wang Ching-wei were to be used, in setting him up with the glamor of consistency as the one faithful child of the revolution. For the rest, the Japanese apparently rely upon their interpretation of Chinese psychology, that the spirit of nationalism in Chungking will prove weaker than the temptations of office, wealth, and power in Nanking.

Are the Japanese correct in their view of Chinese psychology? The evidence, so far as the Chinese intellectuals are concerned, is not in their favor. In North China, for example, they have been unable to secure the services of first-class Chinese leaders, and have had to rely upon discredited politicians of the pre-Kuomintang era. Wang Ching-wei himself was deserted, as we have seen, by two of his better-known adherents, Tao Shi-seng and Kao Tsung-wu, who were responsible for revealing the text of his negotiations with the Japanese. The long list of political assassinations of men who have joined Japanese-sponsored régimes, assassinations carried out with the blessing, if not at the instance of Chungking, is impressive enough to discourage those tempted to do likewise. Much, of course, depends upon the conduct of affairs in Chungking and the progress of the war. The policy which the Board of Education in Chungking has followed, of supporting those intellectuals who fled from the maritime provinces to the interior and have not been able to secure employment, is obviously based as much upon political considerations as on the official explanation that the intellectuals must be preserved for purposes of reconstruction after the war. It is even more important to help them, by this financial support, to resist the temptation of returning to the Japanese-occupied areas.

At the same time Wang Ching-wei probably reported to his sponsors the existence of a strong group in Chungking which

was not only in favor of peace but was also much concerned over the rising strength of the Eighth Route Army and the Communist Party, to say nothing of the increasing dependence of China upon supplies from the U.S.S.R. There is apparently no doubt in the minds of Chinese leaders in Chungking that the United Front between the Kuomintang and the Communist Party will outlast the war, but much obviously depends upon the future of Chinese relations with the U.S.S.R. If China were ever compelled to choose between surrendering her material aid from the U.S.S.R. or accepting political and social changes dictated by that country, it is quite possible that some important members of the Kuomintang would be tempted to choose Wang Ching-wei, rather than accept any steps toward Communism. But whether this would weaken or strengthen Chinese resistance is a matter which could be determined only by the event. Certainly the inauguration of the new régime in Nanking has not been followed by a mass migration from the "heretical" to the "orthodox" Kuomintang.

The formal establishment of the "New Order in East Asia" by the creation of this new central government in Nanking is in many ways more important for the people of Japan than of China. The flood of propaganda about Wang Ching-wei which has been poured out to the Japanese people during the last year has been intended, apparently, to encourage the view that the "China incident" is drawing to a close, that the impressive list of military victories has been crowned at long last by political triumph. There is good reason to suppose that for internal reasons some such culmination to the long and expensive struggle, however hollow the sham, was necessary. There were equally good reasons, however, for the establishment of the new government in terms of the general aims of Japanese policy. One of the chief obstacles to Japanese success in China, the rights and interests of foreign powers as expressed in the treaty ports, the unequal treaties, and the system of extraterritoriality, was also one of the chief objects of attack. This had been stated quite clearly in Prince Konoye's statement of September 22, 1938: "Japan not only respects the sovereignty of China, but she is prepared to give consideration to the questions of the abolition of extraterritoriality and of the rendition of the Concessions and Settlements, matters which are necessary for the full independence of China." It reappeared in Wang Ching-wei's an-

nouncement of the intention of his government to readjust China's foreign relations by abolishing extraterritoriality and the unequal treaties. Promises that these things would be done had already been made by the Japanese Foreign Minister to the Imperial Diet on March 11. On March 25 Major General Akira Muto, the Chief of the Military Affairs Bureau of the Japanese War Office, said that neither the independence of China nor the New Order in East Asia could be established while foreign settlements and concessions remained in that country. According to the Japanese press it was expected that a beginning would be made with recovery of the foreign concessions in Tientsin. In other words, the technique used in Manchukuo was to be followed and developed in China.

In one sense the Japanese are carrying on the Chinese revolution. The elimination of Western imperialism, the old Kuomintang ambition, is one of the chief purposes for which the new government was established. In this connection the precedent of Manchukuo can be more easily applied to Wang Ching-wei than to Wang Keh-min. The technique is simple. The puppet régime carries out the policies of the controlling power, in this case the attack upon foreign rights and interests in China, and the controlling power assumes no responsibility. If the opposition of the Western Powers is too strong, retreat is easy, and failure reflects only on the puppet régime; if success is achieved, it is monopolized by the controlling power. There is every reason to expect, therefore, that Japan will seek to make China a sovereign and independent state in the same sense as Manchukuo, that is, independent of every other country but Japan.

North China assumes a very special role in this scheme of things for it does not stand in the same relation to Japan as does the government of Wang Ching-wei. To all intents and purposes, the North China Political Council is an integral part of the Japanese Empire. It takes nothing from the Nanking régime, other than the flag; it has its own finances, its own military arrangements, its own economic agreements. Only for purposes of foreign policy is it still part of China, for the obvious reason that it should share in the anticipated elimination of foreign rights and interests. Even if the Wang Ching-wei régime should fail there will be no change in the actual status of North China, whatever changes may be made in the name or composition of the local government. It can be expected that, other things being

equal, the North China régime will become less and less Chinese and more and more Japanese. The nature of the political and economic and military arrangements which have already been made indicate an intention never to relinquish or share control of this area.

### *Profit and Loss*

The Provisional Government of China at Peking came into existence on December 14, 1937, and continued as such, at least in name, until it was merged into the Central Government established at Nanking on March 30, 1940, as the North China Political Council. This political deflation came partly as a consequence of the extension of the war to the rest of China, partly from the failure of the Provisional Government to provide a successful technique for the government of the provinces under its immediate jurisdiction, and therefore for the larger problem of governing China as a whole. The experience of the Provisional Government was evidence enough that there was no political and social basis for a Japanese-sponsored régime apart from Japanese arms, and that the original assumptions entertained by the invaders as to the political condition of China were false. The Japanese were not prepared for the enormous extension of their commitments which followed Lukouchiao; they did not immediately grasp the significance of the problem which faced them after the fall of Nanking in December, 1937, and the creation of the Border Government in January, 1938. The refusal of the Chinese to make peace after the loss of their capital, and the development of guerilla warfare, forced Japan to embark upon the stupendous task not only of setting up a government for the whole of China but also of doing it against the active opposition of the Chinese people. The Provisional Government of China at Peking failed to become the foundation stone of the new structure or even to eliminate the political and military influence of its local rival, the Border Government of Hopei, Shansi and Chahar.

The Provisional Government, considered as a technique for political control, had two main characteristics. In the first place, it was effective only where military control and police power were firmly established; it had no political weapons of any value beyond the range of Japanese bayonets. In the second place, it lacked and failed to develop a social and political basis among



the people of North China upon which indirect control could be based, and thus failed to provide a model for the solution of the problem of governing China.

The history of the Provisional Government shows that the Japanese understand best those political and social techniques designed to subjugate an already conquered people. In this they have been faithful to precedent, the precedent of Korea and Manchuria; military conquest is followed by political intimidation, control of thought, and government through a bureaucracy not responsible to public opinion. Everything depends upon police power. In all this the Japanese success cannot be denied. There is no more possibility of revolt against the Provisional Government in the areas actually under military control than there is against the Japanese in Korea or Manchukuo. The making of speeches about social policy is often left to the Chinese members of the government, but the actual work of social control is carried out by the Japanese themselves. The Japanese search houses, arrest suspects, condemn and punish without assistance of the courts of law, supervise the unarmed Chinese police in the examination of persons and baggage at all points of entry and exit, and deliver orders to schools, universities, commercial and other organizations. Japanese supervise the banks, run the Post Office, manage the censorship, officer the Chinese militia, staff the railway stations, inspect the trains and passengers, organize all demonstrations of a public character, tap the telephones for suspicious conversations, and listen for secret Chinese radio communications. Japanese maintain and rely upon a huge secret service in which Chinese and even Europeans are used in large numbers. In such a "police state" there is little opportunity for organized resistance.

The fact that the Chinese are able to continue a certain amount of underground activity under such conditions is due not to any lack of severity in the application of the system but to the multiplicity of organizations and their mutual jealousies. The Japanese sometimes let their enemies slip through their net because there are too many different bodies doing the same thing. The Special Service Bureau of the army has its own funds and its own prisons and the Hsin Min Hui, which sometimes cooperates with the administration, more often acts independently. Both are financially independent and outside the constitution. Every Japanese controlled organization, large or small,

assumes, to some extent, executive and legal responsibility. The deep jealousy between all these groups often leads to lack of co-operation and a struggle for recognition by higher authorities in the hope of securing promotion. Information which if pieced together in Peking might lead to important arrests is often sent to Tokyo rather than to the rival organization on the spot which might have the requisite data to complete the picture. The fact that such a situation leads to a certain amount of inefficiency should not obscure the general picture of rigid control and close regulation of every detail of life.

Beyond the range of police power, however, the Japanese have no political weapons of any value. Propaganda follows, it does not precede, the flag. This arises partly from the general nature of Japanese political ideas, partly from misjudgment of the political situation in North China. The pattern of communications prepared for the Japanese a trap into which they fell, militarists, politicians, bureaucrats and all. Not for them the quick seizure of power, the immediate services of a powerful pro-Japanese party, complete control of political and economic life through military domination of a complex system of interdependent communications, the unanimous plebiscite and the marching legions of drilled youths. Rather a long drawn out struggle to set up a puppet régime in the midst of organized opposition. The task of producing a set of symbols which would secure consent in the hinterland, which had not seen the invader, was too difficult. Failure to occupy the hinterland in the first six months of the incident made it impossible to overtake the tales of atrocities, which lost nothing in the telling, and which had time to gather strength and sweep before the Japanese armies like the howling dust storms of the northern plains. Once Chinese opposition had arisen with the formation of the Border Government, all hope disappeared of adding to the Japanese-sponsored régime one man or one inch of territory except by force. Military conquest did not end, it began, the struggle for government.

The Provisional Government has not only failed to secure a social basis for control, but also helped to create one which the Chinese could use against it. The treatment meted out to the population in the occupied zones as well as the conduct of the war provided the raw material which the Border Government used to arouse the political consciousness of the peasantry. The

one class which might have been expected to remain apathetic became the chief military and political danger to the régime. There is, indeed, no class in the northern provinces to which the Japanese can offer sufficient inducements to persuade it to co-operate willingly with the new régime. Nor are there any leaders with ability or prestige who are willing to serve. The recent resignation of Wang Keh-min has left the chairmanship of the Provisional Government in the hands of Wang Yin-tai, a politician even more obscure than his predecessor. It must be expected that this failure to secure a social basis will lead more and more toward direct control and that less and less effort will be made to maintain the sham of Chinese rule. The consolidation of North China will be based upon methods of social control even more severe than those already described and on Chinese puppets even more discredited than those now in office.

Failure to establish a technique of indirect control does not necessarily mean that direct control cannot be extended over the northern provinces. It is theoretically possible for the Japanese, if they are willing to use the men and the money, to eliminate organized opposition as effectively as in Korea or Manchuria. It is possible, given this huge military force, that if the system of political and social control now operating in Peking and Tientsin were extended to every *hsien* in the north, there would be no outward sign of rebellion. Furthermore, if the resistance of the National Government were to collapse, the guerilla warfare fostered by the Border Government would cease to have any meaning and would probably disappear. But to accomplish these things the Japanese would have to expend more men and material than they are apparently willing to lose. Yet not to advance, for the Japanese, is equivalent to retreat. If sufficiently strong military measures are not taken, the Border Government will grow stronger rather than weaker, assuming that national resistance continues. While the general military stalemate which has existed with little change since the fall of Hankow may or may not continue, it is clear that complete military occupation of China is not an immediate possibility. If the extension of direct control by military force be possible over wide areas such as North China, it is obviously far too expensive a technique to be applied to the whole country.

The Provisional Government, by failing to discover a political alternative to military conquest, failed to provide a model for

the Japanese-sponsored Central Government of China. The measure of this failure can be seen in the fact that the régime of Wang Ching-wei did not take over the enthusiastic experiments in Peking with a new political party, the Hsin Min Hui, a new political principle, the Hsin Min Chu I, and the old politicians of the Wang Keh-min generation. The régime at Nanking retained the political organization of the National Government of China. It claimed to be the true descendant of the Chinese revolution and to be headed by the favorite disciple of Sun Yat-sen, Wang Ching-wei. The futility of calling out the old politicians of the pre-Kuomintang era to run a national government had become apparent through the experience of the Provisional Government. The one possible strategy was to undermine the loyalty of Chinese officials and educated classes of the modern type by offer of wealth, power and safety in Nanking. For only such men had the following or the knowledge to operate a national administration on behalf of Japan. The outcome of this effort to split the Chinese ruling class is by no means decided, nor is it relevant to this discussion. The North China Political Council continues to operate much as the late Provisional Government of China at Peking and seems assured of an equally undistinguished future. Whatever the fate of the Wang Ching-wei régime the northern provinces are now an integral part of the Japanese Empire in everything but name. Permanent Japanese garrisons are stationed at every point that can be held. The political relations between the army in North China and Tokyo are gradually being hammered out. Peasants, workers, and merchants can already measure their future by that of their one-time countrymen in Manchukuo and Korea. In political structure, social organization and economic life, the northern provinces already have far more in common with Japan and Manchukuo than with the rest of China. This much at least, within a limited area and with the rival Border Government still unvanquished, the Provisional Government has accomplished.

## CHAPTER VIII

### CONCLUSION

The new custodian has the same problem as the old custodians. This is the task of discovering some form of government which will hold China together and be strong enough to obey but not to challenge Japan. The Provisional Government of China at Peking takes its place in a pattern of changing techniques of political control; it is the most direct and extreme form of foreign domination which has yet been attempted in China proper. In structure and function it obviously owes much to preceding experiments in Korea and Manchuria, but it has also acquired new features of its own which are related to the specific conditions under which it came to exist. This is the first serious effort to discover a political and social basis for a Japanese-sponsored régime in China proper; the first and most ambitious attempt to solve on monolithic lines the technique of controlling the old agrarian empire similar to that employed by the British in India and Egypt. A study of its general significance and specific characteristics is clearly of importance to an understanding of the problems faced by the Japanese in China.

These problems are more of a political than military nature; the military struggle is subordinate to the struggle for government, the government of four hundred million people. When the Nanking Government refused, on the fall of the capital in December, 1937, to make peace, the Japanese were forced logically into making the statement of January 16, 1938, to the effect that they would no longer recognize the National Government of China and all its works. From that time on all hope of controlling China indirectly through a subservient Chinese régime disappeared and only the technique of direct rule remained. In this search for a method of direct rule the Provisional Government was, up to the creation of the Wang Ching-wei régime at Nanking in March, 1940, the most important experiment.

Considered in terms of Japanese expansion, the immediate

predecessor of the Provisional Government of Peking was the puppet state of Manchukuo. The establishment of this new but generally unrecognized member of the family of nations provided valuable lessons and experience in the problem of breaking down the power and influence of the Western Empires in China. To set up Manchukuo as an independent state, rather than to incorporate it into the Japanese Empire, was to use the most effective legal weapon against the other Powers. If there had been no foreign rights and interests in Manchuria, direct incorporation would have been the logical plan, but this could not be done because it would have meant a direct attack upon foreign Powers. The only weapon left to the Powers with vested interests in the Far East, when the "puppet state" technique is used, is to support China as their first line of defense against Japan, but there are limits even to this unless the Powers are willing to extend support to the point when it merges into war with Japan.

Japan did not expect that China, even with a certain amount of foreign support, would present much of a military problem. In the first few months it appeared that the Japanese intention was to cut off several of the northern provinces of China and either join them to Manchukuo or set up another small, independent state along the old lines of *Huapei* or "North China for the North Chinese." If the war had stopped here, the attack on foreign rights and interests in North China would have followed immediately after the establishment of *Huapeikuo*, or State of North China. Extension of the war through the whole of China, however, swallowed up the North China question in the general problem of China, and the establishment of the Provisional Government at Peking on December 14, 1937, meant that the decision to replace the National Government had already been taken. This meant that the legal attack upon foreign rights and interests had to wait upon the creation of a government for the whole of China. It was to be expected that the establishment of such a government on March 30, 1940, would be accompanied, as indeed it was, by a statement of intentions as to the abolition of extraterritoriality and the treaty port system. For its first two years, therefore, the Provisional Government at Peking could not be used in the legal attack on the interests of the Western Powers in China. It had neither a domestic nor an international legal basis, being unrecognized

even by Tokyo. It represented only the shape of things to come. The future of the Peking régime always depended on the scope and extension of the Sino-Japanese conflict. Actually it became an important stepping stone toward the elimination of the Western empires in the East, for through it Japan gained much experience in the way of putting pressure on the Concessions. In March, 1940, the Peking régime became part of a government nominally controlling the whole of China and, hoping to enjoy the recognition of Japan, it was ready to join in the task of getting rid of Western influence, of those 19th century enclaves of economic and political power which had been fastened to the flanks of China.

*The Provisional Government as a "Puppet Régime"*

The Provisional Government was an experiment in the technique of political control, but the context was not the conventional one of the relation between the world's industrial areas on the one hand and its raw material and agricultural exporting areas on the other. None of the three heavily populated agrarian empires, Egypt, India, and China, is important as an exporter of agricultural products; in fact, China imports food. Nor would they have raw materials, such as cotton, to spare if they were industrialized. There is no close comparison between their relations with the Western world and those of South America, Africa, or the southern Pacific. It is rather a question of the relations between the pre-industrial and the post-industrial powers. That is why the Japanese are having so much difficulty in China. They are attempting to apply to China a form of direct control suitable for backward countries and even possible in the pre-industrial empires of Egypt and India before they had developed European forms of organization, at a time when China has already developed considerable national consciousness and set up some of the institutions of the modern state. Some of the techniques involved can be compared to those used by the British, but they are applied in very different circumstances. There is something to be gained by comparison between China and the only possible parallels, India and Egypt; there are important comparisons to be made with the technique of puppet government used in Manchuria, but generally speaking the issues involved are on such an enormous scale that few useful parallels remain. An understanding of this new technique, as it

might be called, of "puppet régimes," employed in Manchuria and extended to China, is so important that it deserves fuller treatment.

There is no category in international law that adequately defines the position and character of the political entities recently created in Eastern Asia. The term "puppet state" is here suggested as describing a state under the direct control of another power, yet enjoying a theoretical sovereignty in the family of nations. In international law it has been the custom to recognize a new territorial power *de facto* if not *de jure*. The modern puppet state such as Manchukuo constitutes a third and undefined category, in which a territorial power of established competence has relations with several important sovereign states which do not even recognize it *de facto*. Since the inauguration of the Hoover-Stimson doctrine, for example, the United States has refused to recognize any changes that have occurred in the Far Eastern situation since September 18, 1931. Yet trade relations with Manchukuo continue in spite of the fact that American Consular officials in that country are still accredited to the Chinese National Government. The League of Nations stands in the same relation to Manchukuo as does the United States, but, on the other hand, the new state has been recognized by Germany, Italy, Mexico, and other less important countries. So far as international law is concerned, however, the puppet state has neither definition nor status.

If we accept a distinction between state and government for the purposes of definition, the functional relations between the puppet government and the controlling power constitute the crux of the problem. From the structural point of view the puppet government, like the puppet state, theoretically enjoys complete independence, but for all practical purposes is dominated by the controlling power. There are not, as in the case of the Protectorate, any formal invasions of sovereignty, internal or external, nor is there any formal admission of limitations on jurisdiction and administrative integrity. From the functional point of view the relations between the puppet government and the controlling power can be summed up as a method of indirect control by one sovereign power over another. There is no clear line between puppetry and independence, no exact boundary between puppetry and direct control. Indeed, the chief advantage of this form of control is its flexibility and the avoidance of



political responsibility by both the controlling power and the controlled state and government in relation to third parties. The combination of nominal sovereignty and actual subservience makes it possible for the controlling Power to claim for the puppet state all the privileges and rights of statehood under international law, and to disclaim responsibility for such actions in domestic policy or international relations as are embarrassing.

The puppet government carries out policies which are in the interest of the controlling Power. There are cases in which a puppet government may willingly carry out the wishes of a superior Power if the political, religious or class interest of the ruling group are similar to those of the superior Power. But more often than not the puppet régime is the child of conquest; certainly coercion is usually implied. It is important, however, that the puppet government have a political and social basis for power within the country; otherwise it merges into direct rule. The puppet government, properly understood, has certain limits within which it can maneuver; there is a point at which disobedience will bring retribution, but much can be done before that point is reached.

The Provisional Government of China at Peking bears many of the marks of a puppet government. It can be pointed out immediately that not until the creation of a central government under Wang Ching-wei did the Provisional Government become part of a state, in this case a puppet state, expecting international recognition. The structural relations of the Provisional Government with the controlling Power, Japan, are perfectly clear. Theoretically the Provisional Government of Peking was brought into being by the people of North China with the help of the "friendly armies" of Japan, with which country it has no treaties or formal agreements in any way limiting or defining its authority. At the same time it must be admitted that Japanese advisers have legal status involving legal and executive authority within that Government. The functional relations to the controlling Power are equally clear; the Provisional Government carries out policies determined by the controlling power, whose garrison armies guarantee obedience. When this Government emerged in December, 1937, it was hoped that the leaders, being mainly of the official class and of some standing in the community, would have a certain political prestige as a basis for political control independent of Japanese

coercion. The constitution left to the Chinese considerable executive powers, and, although certain important branches of government were put under direct Japanese management, the main concept was that of a Chinese Cabinet theoretically responsible to the population of the five northern provinces, but in fact answerable to the Japanese army. This should have left to the Chinese puppets a certain power to maneuver. There were things they could refuse to do; policies they could skillfully sabotage; information they could withhold; they were still an instrument of indirect political control rather than a façade for direct rule.

### *North China and the Sino-Japanese War*

During the two and one-half years of Provisional Government Administration, however, two tendencies are clear: one was a vigorous effort to discover and consolidate a political and social basis on which a real puppet government could be established, for the Chinese leaders soon discovered that they had little internal political power in their own right; the other tendency has been to bring in increasing numbers of Japanese bureaucrats and set up an administration which in practice amounted more and more to direct control, leaving the Provisional Government, in so far as the Chinese were concerned, as a façade. The influx of Japanese bureaucrats was not necessarily an indication of the failure to discover an indigenous basis for political and social control, although there is obviously a connection. It was partly due to the pressure of office-seeking Japanese who came in large numbers to North China. Certainly the lack of maneuverability on the part of the Chinese leaders of the Provisional Government constituted a weakness in the whole system. And the more the Japanese went in for direct control, obviously the more difficult they found it to secure Chinese respect for a supposedly Chinese Government. The measure of Japanese success was the extent to which they could get the Chinese to do the work for them, and the extent to which they have themselves taken on legislative and executive functions during these last two years is an indication of the extent of their failure. The odds were, indeed, against them. The Japanese were compelled by the nature of their ambitions and the circumstances of the case to appeal to the most conservative classes in China as a possible base for social and political control, to men such as Wang Keh-min and his colleagues, to the peasantry, the

landlords, the peace-loving small merchants and office-seeking bureaucrats, in other words to those who neither understood nor approved of the Westernization of China. Japan did not wish to Westernize China in the sense that the Anglo-American group of Chinese in the Kuomintang and the National Government did, but they certainly wished to bring about a certain amount of industrialization and efficient administration and for this they could not rely on the men or the classes they were forced to support. In order to effect the changes in the economy of North China they most urgently needed, the Japanese were compelled to rely on their own subjects for technical and executive direction. The Provisional Government, therefore, approximated more and more the pattern of the government of Manchukuo, where the functions of government are so completely carried out by Japanese that the Chinese officials have neither power nor responsibility and only in a very limited sense constitute a puppet government.

If the Japanese-sponsored Provisional Government at Peking had remained unchallenged, it is possible that it might have retained more of the features of a puppet government. The fact that greatly influenced this development, however, was the emergence within one month of its formal inauguration of a rival Chinese-sponsored power in the hinterland of North China. It is the struggle between the Provisional Government on one hand and the Chinese Border Government of Hopei, Shansi and Chahar on the other for political control of the population of North China which gives to this experiment its peculiar quality and lasting significance. It must be remembered that the provinces of North China, compared to Central and South China, were politically backward and that the system of communications, both intellectual and physical, was not well enough integrated into the social and economic structure to guarantee to those who controlled them complete authority over the whole area. The modern communications of North China did not grow spontaneously out of the requirements of local economy; they were in large measure imposed upon that economy by foreign powers interested in the development of certain types of import and export trade. The general economy of North China had not, as it were, caught up with the system of communications, a fact which accounts for the possibility of a situation arising such as that at the present time, in which a Japanese-dominated régime controls such communications as

there are and a Chinese Administration controls the population which occupies the hinterland lying between the main railway lines. The geography of North China permits the establishment of a base for guerilla activities in the mountainous but thinly populated sections of northeast Shansi Province, a base from which some measure of control can be extended to the rich plains of Hopei which are crossed by only two main railway lines, the Peking-Hankow and the Peking-Nanking Railways. Japanese occupation of these railways disrupted but did not destroy the economy of the hinterland. In this extraordinary situation there is a sense in which the rival governments were concerned, owing to the political backwardness of this region, more with the problem of creating new bases for political authority, new concepts of political obligation, new relations between government and people, than with the mere exercise of authority.

The history of the Provisional Government at Peking can only be understood in the light of this pattern: the pattern of a Chinese puppet régime backed by all the military might of Japan, controlling the only modern means of communication in North China but relying upon old political sanctions, attempting to maintain and extend its influence against the opposition of a government of students and farmers, weak in economic resources, depending exclusively upon guerilla units and drawing almost no support, other than moral, from the National Government of China.

Those elements in the Japanese conquest which have recurred often in the history of the world, or which are purely Japanese, should not blind us to the fact that there are certain features more commonly associated with contemporary developments in Europe. There is no doubt, for example, that the Japanese attempted and expected to succeed in a rapid conquest of the German type, that their methods of political and social control owed a great deal to modern propaganda techniques and that their methods of economic exploitation, at least in part, are nearer to those of contemporary Germany than of Great Britain or the United States. There are few parallels which can be drawn with the enormous political problem of governing China; in this respect the obvious comparison with India and Egypt may be misleading, for British control in those countries was not originally established in the teeth of a nationalist movement. But the history of North China during the last three years is not

entirely irrelevant to the general problem of how power is established, who exercises it, and how it is maintained.

The Japanese experience shows only too clearly, for example, that techniques of conquest and of establishing political and social control are closely related to the complexity of the system of physical and intellectual communications. Only where these communications are highly advanced and closely integrated with the general economic system can there be rapid conquest and complete political control which admits of no possibility of organized resistance. In this respect the Japanese fell into the trap of overestimating the degree of integration of Chinese communications with the general economic system. They forgot to allow for the fact that Chinese communications grew more out of the pressure of foreign investments than out of the development of the internal economic system. Where China was modernized it was easy for Japan to conquer and control. In North China today, for example, the great cities along the railroad zones and the treaty ports show no open signs of resistance to the invader. It is only where communications are undeveloped and the process of modernization has not proceeded that modern techniques do not succeed. A further point is equally clear. The possibility of organizing and maintaining resistance to modern methods of conquest and control can arise only in such conditions. Countries such as Holland, Belgium and France, for example, are so highly integrated that they operate as units. Under these conditions there is no possibility of guerilla warfare against the invader. When the heart was conquered the body went with it. The contrast with China is obvious; only the specific nature and extent of the modernizing process in China and the vast extent of her territories permitted Chinese resistance to continue and to take new forms.

There is an important degree of difference between Japanese and German experience. Japan did not find in China a social group which was not only favorable to her ambitions but also able to command sufficiently widespread political obedience to establish, with outside help, the power of government in terms of concepts of political obligation already current. She was unable to take advantage of the major lines of cleavage in Chinese society; Japanese methods are not characterized by that brilliant analysis, so scientifically applied, of internal divisions within other countries, which has marked the rise of contemporary Germany. Japanese methods are a mixture of the new and

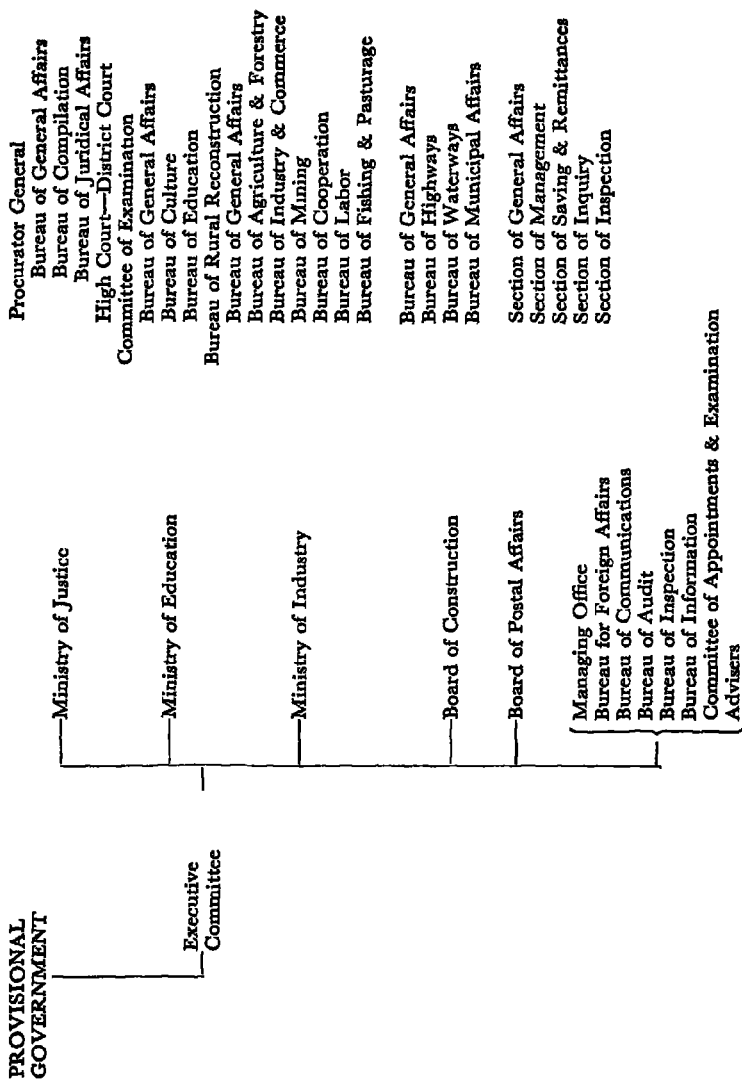
the old, they are full of old tradition, stiff with military patterns and warped by a thousand prejudices. It is only after the military conquests have been made that Japan has embarked on the task of finding or creating divisions within Chinese society, of establishing a social and political base for her rule; she has ended where Germany began. At the same time the history of her experience in North China gave Japan valuable lessons which she applied in setting up the régime of Wang Ching-wei in Nanking. And it illustrates, perhaps, the wisdom of the view which advocates the better understanding of one's enemies.

Contemporary history is rich in puppet governments. But there are few examples of a régime sponsored by an extraterritorial power which has been faced not only with political opposition but with a new birth of political consciousness. In a sense the larger struggle between an industrialized Japan and an agrarian China is concentrated here in the conflict between that part of North China, the railways and the towns, which formed the material basis of Chinese nationalism, and the vast hinterland of villages which still clung to the old agrarian social and political forms. Out of these conditions there arose the paradoxical situation with which this story of the struggle between the Provisional Government and the Border Government has been mainly concerned. Japan controls the only modern means of communication and the only urban centers of North China, yet she is establishing control over them in terms of the political sanctions of the hinterland over which she exercises no authority. On the other hand, the China of the villages and the hinterland is now resisting those very political and social concepts, in the hands of the Japanese, to which she so recently subscribed. The peasants of North China are no longer in the rearguard of the Chinese revolution, they are in the front-line trenches. And free China is at long last free and independent, for Japan has taken over the last relics of the nineteenth century system of international control, the treaty ports and tariff, the maritime customs. She has taken over most of the coastal and inland navigation, destroyed much of the non-Japanese trade with China and turned to her own ends the rights of extraterritoriality. This constitutes the final irony. Japan has fought for and nearly succeeded in appropriating to herself the political and material basis of the old technique of international control of China, only to find that China has escaped, leaving Japan to endure what she once possessed

## APPENDIX I

### PLAN OF THE PROVISIONAL GOVERNMENT

Legislative Committee	Secretariat Standing Commissioners Commissioners	Bureau of General Affairs Bureau of People's Affairs Bureau of Police
Judicial Committee	Secretariat Commissioners Supreme Court Executive Court Committee of Punishment	Bureau of Rites and Customs Bureau of Health Board of Consolidated Tax Bureau of General Affairs Bureau of Revenue Bureau of Public Debt Bureau of Treasury Bureau of Accounts
	Secretariat Commissioners	Bureau of General Affairs Bureau of Constitution Bureau of Protection Bureau of Training Bureau of Management
	Ministry of Interior	
	Ministry of Finance	
	Ministry of Pacification	





## APPENDIX 2

### PERSONNEL OF THE PROVISIONAL GOVERNMENT

#### Legislative Committee:

Chairman: Standing Commissioners:

T'ang Erh-ho  
Wang Keh-min  
Chu Shen  
Tung K'ang  
Wang I-t'ang  
Chi Hsich-Yuan

#### Executive Committee:

Chairman: Wang Keh-min<sup>1</sup>

#### Judicial Committee:

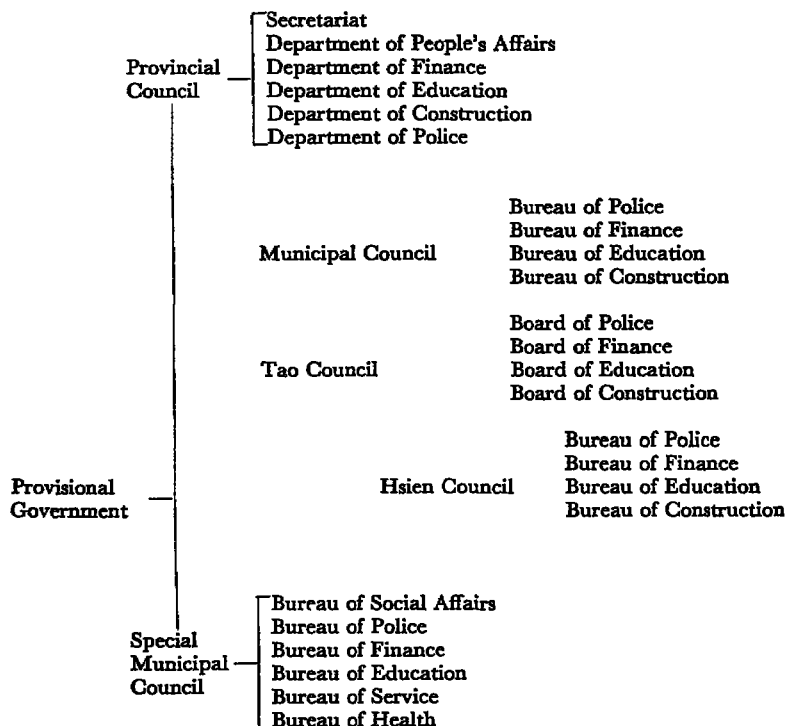
Chairman: Tung K'ang  
Ministry of Justice: Chu Shen  
Ministry of Education: T'ang Erh-ho  
Ministry of Industry: Wang Ying-t'ai  
Ministry of Finance: Wang Shih-ching  
Ministry of Interior: Wang I-t'ang

*Note:* The Ministry of Industry was not established until April 1938. It was originally a Bureau under the Executive Committee. The Ministry of the Interior, established September, 1938, was formerly the Ministry of Relief. The Ministry of Finance was not established until October, 1938. The office of President has not yet been filled.

<sup>1</sup> Resigned June 7, 1940. Succeeded by Wang I-t'ang.

# APPENDIX 3

## PLAN OF LOCAL GOVERNMENT



## APPENDIX 4

### THE FEDERAL RESERVE BANK

A preparatory committee was established February 6, 1938, consisting of nine persons. Wang K'e-man, Wang Shih-chung (now manager), Pien Shou-sun (Manager of the Bank of China in Tientsin), Shu Po-yuan (Manager of Bank of Communications in Tientsin), Shu Han-ching (Manager of Continental Bank, Tientsin), Wang Shih-wen (Manager of Chin Cheng Bank), Yuch Jung-k'un (Manager of Yuan Yeh Bank), Wang Men-Chung (Manager of Chung Nan Bank), Wang Ho-fang (Manager of Hopei Provincial Bank). It is not likely that many of these men came to the meeting but this did not prevent the Japanese from using their names. Many of them were in hiding in the Concessions at Tientsin.

The preparatory committee drew up the Proclamation of the Constitution of the Federal Reserve Bank which was issued on February 7. The capital was stated to be ¥50,000,000, divided into 5,000 shares. It is equally shared by the Government and Chinese banks. Only half was to be collected immediately. The 12½ million due from the Provisional Government was to be advanced by three Japanese banks, the Industrial Bank, Bank of Chosen and Yokohama Specie Bank. Each bank gave three million yen and in addition the Chosen Bank gave 3½ million in silver. Four million was set up as a fund for exchange with Japan.

#### LOCAL BANKS

Bank of China.....	¥ 4,500,000
Bank of Communications..	3,500,000
Bank of Hopi.....	800,000
Chin Cheng Bank .....	800,000
Yen Yuch Bank.....	800,000
Ta Lu Bank.....	800,000
Chung Nan Bank..	800,000
Chi Tung Bank....	500,000

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¥12,500,000

On February 10, an agreement was signed with the Japanese banks to transfer their funds. The remainder of the capital was left at the disposal of the Board of Directors. The work of the Bank is to supervise all banking activities, to carry on general banking business, act as treasury of the government, and issue notes. Its currency is to include both paper money and metal coins. The latter have not yet been issued, in fact paper has been issued for that part of the coinage which was promised in metal. The Federal Reserve Bank notes are circulated at par with Yen. Against the issuance of notes the Bank is to hold reserves in the form of gold, silver, foreign currencies or certificates of deposits in foreign countries to 40% or more.

State bonds, government securities, certified or guaranteed notes are not to be more than 60%.

The organization of the bank follows the usual lines. There are eight members of the Board of Directors, or at least eight names, four members of the Supervisory Committee, a President and Vice-president (latter office now abolished). The supreme adviser to the Bank is a Japanese who takes an active part in executive and business affairs. He can take part in the Board of Directors meetings. The bank was formally opened on February 11, 1938, and open to business on March 11. On March 9, Japanese bankers granted a credit of 100 million yen to be used exclusively for exchange on Japan. The agreement, good for one year, was renewed in 1939.

The Federal Reserve Bank currency has not been built up as much at the expense of the national currency as was hoped. The national currency is still in use everywhere outside Japanese control and is still held in large quantities by individuals, especially in the concessions. The old currency is still at a premium wherever there is a free market for exchange. This has been true in spite of the punitive action taken against those carrying the old notes and the officially enforced devaluation of the national currency. The old notes cannot be displaced owing to the activities of the guerillas and the confidence of the people. Strong measures have been taken to prevent the import and export of notes from the concessions, the chief leak in the system of currency control. On December 12, 1938, new regulations were issued prohibiting the smuggling of the old legal tender notes from the southern provinces and of gold bars from North China. Each traveller was allowed to carry a sum of ¥500 of old notes, bearing names of North China towns, and ¥1,000 in Japanese and Manchukuo notes. Notes bearing names of South China towns are forbidden entry.

## APPENDIX 5

### STATEMENT ISSUED BY THE PROVISIONAL GOVERNMENT REGARDING THE REDEMPTION OF OLD CURRENCIES, MARCH 10, 1938

*Article 1.* The notes to be issued by the Federal Reserve Bank of the Chinese Republic will be the sole legal national currency. The old currencies hitherto in circulation will, in accordance with the stipulations of the present regulations, be allowed to circulate.

*Article 2.* The banknotes hitherto in circulation and issued by the Bank of China and Bank of Communications (with the names of Tientsin, Tsingtao and Shantung thereon marked) and those issued by the Hopei Provisional Bank and Chitung Bank will be allowed to remain in circulation for a period of one year after the present regulation comes into force.

All of these banknotes mentioned in the above stipulation will, for the time being, be allowed to circulate at a par as against the new national currency to be issued.

*Article 3.* The banknotes hitherto in circulation and issued by the Central Bank of China and also those as issued by the Bank of China and Bank of Communications, other than those as mentioned in the preceding article, will be allowed to remain in circulation for a period of three months after the enforcement of the present regulations.

All of these banknotes as mentioned in this article will be allowed to circulate at a par in value against the new national currency to be issued by the Reserve Bank.

*Article 4.* All those banknotes not mentioned in Articles 1, 2, and 3 will be legalized to circulate for a period of three months after the enforcement of the present regulations.

Those banknotes issued by the Shantung Minsheng Bank, Shansi-Suiyuan Provincial Railway Bank, West Suiyuan Agricultural Bank and North Shansi Salt Bank will be otherwise provided for.

*Article 5.* Small-value notes below one yuan and coins will otherwise be provided for.

*Article 6.* Those banks which have issued the banknotes mentioned in Articles 2, 3 and 4 are required, according to the order of the Government, to take over those banknotes issued by them.

**EFFECTIVE, March 10, 1938.**

*Note:* The issue of Federal Reserve Bank Currency by 1939 was probably over 200,000,000 dollars. By September 22, 1938, the official figures were 73 million for the Federal Reserve Bank and 27 million for the Meng Chiang Bank. Later figures brought it up to 160 million for the Federal Reserve Bank, but there has been an increase recently. Of the national currency it

is estimated that there were in the Peking-Tientsin area about 240 and 250 million dollars, in Shantung 60 or 70 million, in Shansi 30 million, in all a grand total of 350,000,000. How much of this the Japanese have been able to secure no one knows for certain. There is some dispute about the exact amount of silver held by the banks in Tientsin. A presumably reliable report from a staff correspondent of the *Christian Science Monitor*, dated August 19, 1939, puts the situation as follows: "The precise figures, the *Monitor* learns, are ¥13,000,000 (silver) in Chinese banks in the British Concession, ¥25,800,000 (silver) in the French Concession, and further ¥16,860,000 (silver) in two French banks in Peiping."

## APPENDIX 6

### HSIN MIN HUI

#### *Example of Propaganda, December 1938*

At Chinese New Year it is the custom to put strips of red paper on the doors. There are usually two of these, each one containing a motto, usually expressing a hope for peace or riches. It was not to be expected that the Hsin Min Hui would overlook this opportunity. The following mottos were offered to householders who wished to use them.

- Support Sino-Japanese friendship.
- Oppose Communism and save the country.
- Pray for the peace of the world.
- When the people are happy they stay in a happy place.
- Opposition to Communism is the Way.
- Day after day we go forward toward a New People.
- Government must have bright virtue.
- China and Japan are one family.
- Countries must come together like good neighbors.
- When there is peace the people are happy.
- The five barred flag waves (on high).
- To oppose Communism to go toward the Spring.
- Build up the New Order.
- Regenerate from the beginning.
- Do not change the old family customs.
- The Hsin Min Hui gives the Republic a New Life.
- China and Japan have the same culture and the same race. We ought to unite together to reconstruct the Oriental race.
- The mistakes of Kuomintang diplomacy corrupt China.
- The Hsin Min Hui advocates equality between men and women in such a way that men rule outside and women inside the home.
- Overthrow the corrupt devil of China—Chiang Kai-shek.
- The Hsin Min Hui builds a happy valley for China, Japan and Manchukuo.
- The Hsin Min Hui advocates the worship of Confucius.
- The San Min Chu I is the rubbish of Western thought.

China will be more powerful and wealthy if she joins hands with Japan and Manchukuo.

Help our friendly arm to destroy the Communists and Kuomintang.

The Sino-Japanese hostilities is a conflict of thought and the beginning of opposition to Communism.

The Hsin Min principle is the nucleus of oriental civilization.

*Regulations of the Labor Union Association of the Central Directing Board of the Hsin Min Hui*

Article I. This association is named the "Labor Union Association of the Central Directing Board of the Hsin Min Hui."

II. The business of this association is to promote the welfare of all laborers in the municipality.

III. This association aims at improving treatment of labor and living conditions, supplying labor to entrepreneurs, relieving jobless people, stabilizing livelihood and persuading all laborers to believe and trust the Hsin Min principles.

IV. This association may set up branch associations.

V. The chairman of the association is appointed by the Hsin Min Hui.

VI. The chairman may appoint two vice-chairmen.

VII. Honorary advisers are appointed by the H.M.H. at request of the Association.

VIII. The H.M.H. appoints four to seven directors, two of whom are general directors.

IX. The H.M.H. appoints inspectors.

X. The Chairman appoints the heads of various departments:

Department of General Affairs

Department of Registration

Department of Assistance

XI. The Association conducts the following business:

The supply of labor

Mediation about supply and demand of labor market

Labor exchange and unemployment relief

Promotion of good treatment for laborers

Investigation of labor market conditions

Propagation of the Hsin Min principle among laborers.

XII. General meeting of members once a year, called by the chairman.

Directors' meetings to be held once a month.

XIII. Revenue comes from members' fees, deposits and other sources. The fiscal year follows the calendar year.

REGULATIONS FOR MEMBERS

1. Members of the association must be laborers, such as—carpenters, blacksmiths, masons, stoneworkers, painters, common workmen.

2. Members are classified into five kinds.

*Honorary members.* Any director of military and civil organizations who assists the association may be an honorary member.



(two are said to have given themselves up). To organize the Young Men's training office. To set up the Hsin Min tea house, etc. To arrange for exchange of the best handicraft work between Japanese and Chinese Schools. To provide three boxes for receiving "civilian opinion." Preservation of temples (soldiers and military horses strictly forbidden to make use of temples). To provide gifts for children. Train people in the Hsin Min song, hold lectures on anti-Communism and anti-Kuomintang. Resignations from the Kuomintang—27 members of the Kuomintang swore in the presence of Chinese and Japanese witnesses that they had left the party and were given "party-leaving certificates." To hold a meeting of all the hsien. (At one meeting 1,500 persons came to show their hatred of Communism and loyalty to the new Government, etc.) To arrange for two days' tour by students from the Young Men's Training Bureau in Peking. Arrange for the Japanese language examination in primary schools and give prizes to the best students. Start summer school for Japanese language for students, teachers, merchants, etc. Mass Training Conference held; besides the authorities there were present the two bandits who had surrendered. Training of the first Young Men's Corps began on May 22nd. Thirty uniforms for this purpose have been made. Sixty students graduated in the first corps; a second class already admitted.

C. The Branch Hsin Min Hui Association is the executive organ to carry out the directions of the Hsien Directing Board. It is the basic unit in the development of rural policy.

D. Rural Regeneration Committee of Liang Hsiang Hsien.

- (a) Essential ideas—it is necessary to promote rural life in its political, economic and educational aspects, owing to the dislocation which followed the incident.
- (b) Work and policy—several agricultural businesses have been started; other supplementary trades must be encouraged in order to increase production. The leisure of the winter season must be usefully employed. To increase agricultural production there must be adoption of superior seeds, improvement of tilling methods, more effective fertilization, adoption of superior farming instruments. In regard to domestic animals there must be popular adoption of superior breeds, epidemic defense services and increase in the amount of pasture. Farmers must be made self-supporting in grain, pasture, and fodder for their animals, in fuel and fertilizers. Spiritual training of farmers. Farmers must be trained to have a national outlook, to cultivate a cooperative spirit, etc. There must be education in citizenship, practical education in primary schools, social education.

Self-government. There must be careful selection and appointment of rural personnel, a clear understanding of village conditions and effective execution of administrative mandates, clarification of rural finance and enforcement of budget system.

E. Concrete plan of economic work. The development of cooperative societies is the necessary basis of rural economy.

- (a) Enforcement of Spring tilling loans; owing to the farmer's losses

during the disturbance of war, this is very necessary. These are the particulars of loans to date.

Total villages in <i>hsien</i> .....	94
Number of villages in loan scheme.....	40
Amount loaned each village.....	\$ 750
Number of households per village receiving loans.....	25
Average per household.....	\$ 30
Total loan.....	\$30,000

- (b) Method of making loans. Loans are administered by the Economic Promotion or Rehabilitation Association of Liang Hsiang Hsien. The farmer must produce a borrowing certificate and a guarantee when he wants to borrow money. Farmers receiving loans are organized into groups of six which are under the control of the village head responsible for them.

#### F. Cooperative Society

There is at present no self-government in China among the rural population, owing to the political tyranny of the Hsien governments. The new Government will try its best to remove this corrupt system by leading the people to self-government.

The cooperative Society is built on the natural harmony of rural life and the mutual liability of the people. It is under the control of the Joint Council of the Hsien Government and the Hsien Directing Board. The latter supervises production and rural administration. The Cooperative Society is financed by the Central Directing Board of Hsin Min Hui. Its establishment was preceded by propaganda among all kinds of people.

Most merchants misunderstood the nature and purposes of the Purchasing Department of the Cooperative Society, which is generally regarded as a middleman or exploiting organization and a menace to merchants and farmers. This incorrect conception is due to the lack of cultivation of social attitudes, among the Chinese people. Therefore, we must spread propaganda in order to eradicate such views. The Purchasing Department is not really a profit making organization but a service for the public benefit. It can buy goods directly from the manufacturers, especially high priced and valuable goods which are beyond the capacity of individual merchants. Moreover, the Purchasing Department does not mean to monopolize the right to purchase; individual merchants may still buy goods as they wish. The Purchasing Department is really a wholesale organ which can sell to the small merchant at cheaper prices.

Manufacturer	Manufacturer
The Hsien Cooperative Society	Big Merchants in Peking
Farmers Merchants Laborers (of Liang Hsiang Hsien)	Small merchants in Liang Hsiang Hsien Farmers, Laborers
The scheme above is, of course, the condition of affairs after the establishment of the Purchasing Department	

*A Study of the New China Federation* (Translation from *Hsin Min Weekly*—1938)

When I was in Peking some fourteen or fifteen years ago, there were various suggestions as to the type of government to be formed in China. These included a union of autonomous provinces, the restoration of the Manchus, a common government for all of China and the division of China into three parts. In the midst of this quarreling Chiang Kai-shek rose up in Kwangtung and soon built a strong central government at a surprising speed.

The unification of China by Chiang Kai-shek was very much like that of Germany by Bismarck and the construction of the Soviet Russia by Lenin, for Chiang adopted the same policy as did Bismarck and Lenin, that is to create in the people a feeling of hatred toward other nations, especially neighboring nations. And even nationalism was not the direct cause of unification and consolidation of these nations. That China had long been separated is due to the lack of nationalism on the part of her people, and this lack of nationalism is again due to the fact that China has not had feelings of hatred toward other nations. The Chinese are proud that they are the most civilized people in the world and that their nation is the center of the universe. They despise other nations as barbarous, but they do not hate them as their enemies. But Chiang Kai-shek learned the tactics of Bismarck and Lenin and experimented with hatred. The first nation that the Kuomintang and the Communists chose as their object of hatred was Great Britain. There was very strong anti-British feeling in Hankow when the North Expedition Army reached the Yangtze Valley; but after seeing the danger of their anti-British policy, the Kuomintang statesmen soon chose Japan as the successor of Great Britain. This policy has been continued by the Kuomintang for the last ten years, and China has been united by it. Otherwise it would have been impossible for China with so low a level of civilization and so had an economic condition to develop a highly centralized authority at the time when the feeling of hatred for other nations was not created in the people and exploited by the Kuomintang and the Communists.

Now that the Kuomintang régime is going to collapse, what form of government should come into being in its stead? In my opinion a government of federated states is the most natural form for China, for the provinces of China are not properly and reasonably divided. They are at different levels of civilization, and economic conditions in the various provinces are by no means unique. The provinces are not financially independent of one another, and they are not in a position to benefit one another in their mutual relationships. Why do I say that it is better for China to have a government of federated states? There are five economic centers in China, each of them dominating some provinces. Canton is the economic center for the provinces Kwangtung, Kwangsi and Kweichow; Hangkow, for Hunan, Hopei and Szechuan; Shanghai, for Kiangsu, Chekiang and Anhwei; Tientsin and Peking, for Hopei, Shantung and the Northwest; and Mukden, for Manchuria. It is very natural that a political unit should represent an economic unit. This means that there should be five federated states which may be linked together by some great statesmen under one federal government.

It should also be noted that the consolidation of the central authority of Chiang Kai-shek was due largely to economic centralization. After the es-

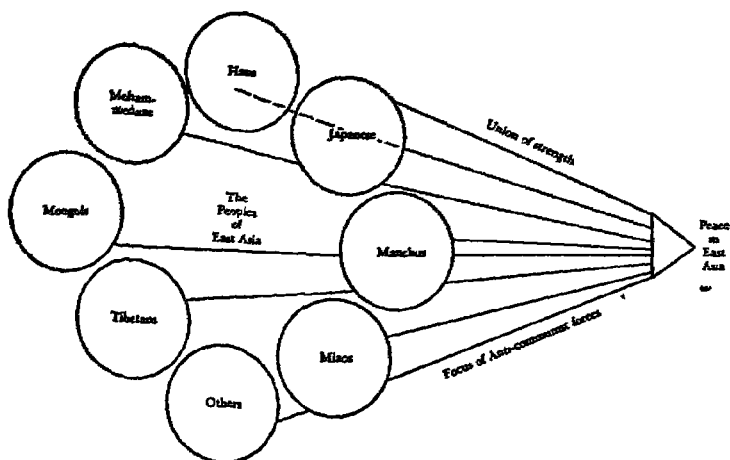
establishment of the Central Government at Nanking, the five economic centers still existed, each independent of the others. The government itself was divided into groups, each representing one of the five economic centers. The money value of these centers is as follows: Canton, \$110,000,000; Hankow, \$90,000,000; Peking and Tientsin \$210,000,000; Mukden, \$70,000,000; and Shanghai \$350,000,000. Through the collaboration of Chiang Kai-shek and the Kiangsu-Chekiang bankers, Shanghai grew rapidly as seen through its financial capital of \$2,700,000,000 in 1933 and of \$7,300,000,000 just before the war. It completely controlled the nation, and hence an economic centralization was formed. But now with the downfall of Chiang Kai-shek the Kiangsu-Chekiang bankers will also lose their influence. The prosperity of Tientsin, Hankow and Canton will not depend upon Shanghai. The situation returns to what it was before the erection of the Chiang Kai-shek authority. The form of the successive government cannot be other than a federation.

As to the Provisional and the Reformed Governments, conditions are very unfavorable for their amalgamation which has been talked of for some time by the statesmen of the two governments. In the first place, the two governments differ from each other in the political and economic fields and in the field of foreign relations. This is also true among the three governments, if the Autonomous Government of the Mongolian Federation is brought into our discussion. For these governments are established on different economic bases. Each has its own political condition and each should go its own way. The Mongolian Government is the earliest of the three to have its own currency and to have the institutions of an independent nation; for the old economic and political systems of this region were very simple, and it is very easy to replace them with the new, through Japanese authority. In the second place, owing to its early establishment and because of considerable serious study, the Provisional Government has made striking progress in such ways as the establishment of the Federal Reserve Bank in the spring of 1938 and the reorganization of economic development, mainly under the North China Exploitation Company. As for the Reformed Government, things are not so simple. There are the highly and complexly developed metropolis, Shanghai, on the delta of the Yangtze, and the Yangtze Valley where foreign influences are very complicated. New economic systems are still not in existence and the reform of currency has not yet started. The Reformed Government is doomed to be of a slow growth, slower even than that of the Government which may be erected at Hankow after the occupation of it by the Japanese forces. Therefore, although the various governments have the same aim and go in the same direction, their real economic and political conditions are peculiar. It is impossible to put these regions under one authority.

Judging by actual developments, we may see that the Provisional and the Reformed Governments are likely, with their respective delegates, to form a central committee which will in its later evolution develop into a federal government. The Mongolian and any new government may also join the federation which, I think, is the most natural and reasonable form of government for the new China of today.

## APPENDIX 7

### CHART SHOWING THE JAPANESE CONCEPTION OF THE BASIS OF PEACE IN EAST ASIA



## APPENDIX 8

### BRITISH FOREIGN POLICY AND THE POLITICAL OUTCOME OF CHINA

(Translation from the *People's Forum*, 1938)

The British foreign policy is based on the principle of balance of power for three reasons: Firstly, the preservation of her colonies; secondly, the preparation of more effective armaments; and thirdly, the anti-war attitude of both the British government and the British people. These are also true in the Far East. After the Mukden Incident of 1931 the United States was about to interfere in the situation when Great Britain refused the request of the National Government in Nanking in order to check Soviet Russia in the Far East by allowing Japan to occupy Manchuria. Later, the visits of Sir Leith Ross paid to China and Japan in 1937 were to effect a joint investment in China on the part of Great Britain and Japan, but the latter rejected the proposal. After securing the guarantee from Japan that Japan would not interfere in the Chinese customs nor demand a tariff rate favorable to Japan, Great Britain made her own investment in China; and the consequent step was the reform of the Chinese currency when Dr. H. H. Kung was the Minister of Finance. This reserve as stored in London amounted to \$900,000,000 of which \$700,000,000 has been spent on the purchase of arms and munitions since the beginning of the present war. It is obvious that the British manufacturers and traders have made a great profit. The customs agreement which Great Britain contracted with Japan when the latter took over the Shanghai Customs assured her share of interest on the foreign debts of the National Government, and the landing of the Japanese forces near Kowloon showed the attitude of Great Britain toward the Chiang Kai-shek régime.

From the statement of Sir Leith Ross that either Great Britain or Japan is in a position in China to take the next step, we can see that Great Britain and Japan can at any time come to an understanding in connection with China if circumstances make it necessary. The outcome of the long-resistance policy of the Chiang Kai-shek régime so long as Great Britain stands at its side may fall under one of three heads:

- (1) When all armed resistance on the part of Chiang Kai-shek is crushed by Japan, Great Britain may come in and demand of Japan that the National Government be a local régime provided that Chiang Kai-shek resign.
- (2) Great Britain may support Chiang Kai-shek in a continued resistance until the day when Chiang Kai-shek is completely crushed, and then Great Britain may come to an understanding with Japan and recognize the new government of China as a *fait accompli*.

- (3) Great Britain may at this time play off the U.S.S.R. against Japan and bring China to a position exactly similar to that at present in Spain.

None of these three possible outcomes of the present war can do any harm to Great Britain, but all of them are death blows to the Chiang Kai-shek régime.

So far, we have surveyed the British foreign policy and the outcome of the Kuomintang. Now, let us see what policy the new Government of China should take. In the first place, we should not neglect the geographical factor in the foreign policy of a nation. China is destined to choose as a friend one of her two neighbors, Japan or Russia; and Japan is the only one that China can choose insofar as political institutions, culture and race are concerned. In the second place, China must resort to foreign aid in the task of national reconstruction, and foreign capital and foreign experts are especially needed. The economic system of Japan bears a closer resemblance to that of China than does the Russian; and the exchange rate between China and Japan is more stable than that between China and Great Britain or the United States. Japan is, therefore, in a favored position as a friend to China in the reconstruction of the old country.

In addition, we must eradicate the psychological prejudice which considers as shameful nations which are on very friendly terms with other nations or who are seeking their assistance. Strong as Great Britain, France and the United States are, they also have their friends for mutual help. This is the policy that a nation should adopt in order to survive in a world struggle for existence; and the writer sincerely hopes that the Chinese people will realize this and seize the opportunity to reconstruct their nation with the aid of their friend, Japan.

## APPENDIX 9

### EDUCATION UNDER THE PROVISIONAL GOVERNMENT

#### *Statements of Policy*

##### I. April 14, 1938, Provisional Government, Department of Education.

- (1) Abolition of the San Min Chu I and anti-Japanese education.
- (2) Restoration of normal educational facilities beginning with the primary schools, then middle schools. The permission of the Government is necessary for the establishment of universities or colleges.
- (3) General lines of the Kuomintang educational system to be followed in primary and middle schools.
- (4) Special emphasis on hygiene in students' life and education.
- (5) Abolition of co-education in middle schools. Universities will be allowed to continue co-education until women's colleges or universities are established.
- (6) Special emphasis on character training of girls. Their responsibility is the family and their education should, therefore, be different from boys'.
- (7) Schools established by foreigners to be carefully examined and controlled so that they may conform to the educational policies of the Government.
- (8) Physical education of the middle and primary schools may still be called physical education, but the curriculum should be proportionately distributed between exercise and Chinese boxing.
- (9) Boy Scouts to be abolished and changed into the Youth Corps (Hsiao Nien T'uan) without military organization. Instead of a general organization each school is to have its independent corps.
- (10) The textbooks must be the revised editions. The Department of Education and Editing and Examining Association to edit and examine textbooks.
- (11) Abolition of the Public Examination system.
- (12) Special training for middle and primary school teachers in order to correct their ideas. This is to be done through lectures.

##### II. May 4, 1938. "The New Education of the New China"—radio lecture by Sung Chieh, Head of the Cultural Bureau of the Hsin Min Hui.

##### (1) Policy of the New Education

- a. Emphasis on Moral Education (i.e. Ethics—the Classics)
- b. Respect and high regard for teachers
- c. Development of occupational education
- d. Reduction and final abolition of illiteracy



## (2) Ends of the New Education

- a. Re-establishment of Eastern Culture by China and Japan
- b. Leading the youth and the masses of the whole nation to join in the anti-communist front. Strengthening of anti-communist organizations.

III. May 12, 1938. "The Future of Educational Reform and Policies."—Lecture by Yang Yin-ching, after a visit to Japan.

## (1) The Fundamental Spirit of the New Education

- a. Maintenance of peace and order in Eastern Asia
- b. Development and spread of Eastern Culture

## (2) Six Points

- a. Ethics (morality) and intelligence are of equal importance
- b. Learning and bravery are both necessary
- c. (untranslatable)
- d. Knowing and acting must conform to each other
- e. Quality and quantity are equally important
- f. Education of boys and girls must be different

IV. May 14, 1938. "Education under the Provisional Government"—lecture by Li Hsi-heng, Vice-president of the Education Department.

## Educational Policy:

- (1) Negative aspect. Rooting out the ideas of the San Min Chu I, of Communism and anti-foreignism.
- (2) Positive aspect. To accomplish China's mission according to the spirit of unity among the nations of East Asia. The development and spread of China's traditional virtues.

V. May 31, 1938. *Hsin Min Pao* (Organ of the Hsin Min Hui)

- (1) The education of North China is the foundation of Sino-Japanese intimacy.
- (2) The fundamental policy (educational) of the Provisional Government.
  - a. Adoption of the new textbooks which are being corrected and edited.
  - b. Fundamental policy in the education of youth is to uproot anti-Japanese education and to promote the idea of friendship with Japan.
  - c. The principle of primary education is Education in Service. Students must be trained in the behavior and attitudes of the *social man*.
  - d. Training and re-education of teachers. Special emphasis on normal education.

VI. June 16, 1938. Speech by the Head of the Municipal Education Bureau, Mr. Chang Hsin-pei, to the principals of primary and middle schools.

- (1) Education should not be mixed with political parties.
- (2) Teachers should make students understand mutual aid between nations.

VII. January 3, 1939. "Principles of Education," a speech by Tang Erh-ho, President of National Peking University, on the occasion of its re-opening.

- (1) Do not go to extremes—be neither radical nor conservative. Almost any thought may be accepted except Communism.
- (2) Absorb the real civilization of the whole world.
- (3) Every branch of knowledge should be equally developed.

#### *Changes in Curriculum*

I. August 8, 1937. All police were ordered to abolish courses on the San Min Chu I within their districts.

II. September 6, 1937. The Hsi Tan Hsuan Fu Ch'u<sup>1</sup> called a meeting of the principals of the primary schools within the district. Representatives of 45 schools came. They decided:

- (1) Since the textbooks had not been completely examined by the Peace Maintenance Committee, they would, for the time being, teach only Mathematics, Writing, and Art. For Chinese and Geography they would use lectures, not books.
- (2) The Four Classics would be taught in order to change the anti-Japanese ideas of the students.

III. September 7, 1937. The Hsin Tan Hsuan Fu Ch'u called a meeting of the middle school principals in the district. Twenty-eight came. They decided several things:

- (1)\*To change Kung Min to Hsiu Shen<sup>2</sup>
- (2) Chinese, History and Geography to be taught through lectures rather than books

<sup>1</sup> There are four Hsuan Fu Ch'u (literally—comforting stations, really—Promotion Bureaus) in Peking, established by the Japanese Special Affairs Bureau. On September 6 at the meeting of the Hsi Tan (a district in Peking) Hsuan Fu Ch'u, a Japanese from the Special Affairs Bureau, made a speech to the principals saying that he wished that China and Japan would both put forward their efforts in promoting the growth of culture and promote the peace of Eastern Asia. At the end of the meeting he promised the principals that he would help them to solve their financial problems and then asked them to open their schools. At the meeting on the 7th the principals raised two other problems besides the curriculum. They asked about finances and also requested the Japanese spokesman to facilitate train travel for the students who were not in Peking. On August 9 the same Japanese called a meeting of those responsible for Universities and Colleges. Delegations came from seven Universities. Asked to suppress Communism in their schools, they replied that most of their faculties and students had already fled, that most of their textbooks were scientific and, therefore, contained no anti-Japanese sentiments, that the faculty does not direct student activities and that they would appreciate the establishment of some regular authority to deal with. None of the Chinese national universities opened; only the foreign-supported institutions continued after the occupation.

<sup>2</sup> The direct translation of Kung Min in English is "citizen"; it contains the idea of training a man to be a citizen of his country. The term Hsiu Shen means "self-training" and is connected more with morals and ethics. The term comes from the Ta Hsueh of Great Learning. The purpose of the change was to eliminate training in Chinese nationalism.

- (3) The Four Classics to be taught in order to change the anti-Japanese attitude of the students
- (4) No political activities among students to be allowed

IV. October 6, 1937. Peking Education Bureau announced that:

- (1) Kung Min was to be changed to Hsiu Shen
- (2) Physical Education to be changed to exercise
- (3) The Boy Scouts, military training and military nursing to be changed to Chinese boxing
- (4) Japanese to be added as an elective language

V. October 18, 1937. It was announced that all schools must establish Japanese as the second foreign language and all students be required to take it two hours a week.

VI. August 26, 1938. Bureau of Education announced that there would be no change in the curriculum for the time being in middle schools except for an increase in the time allotted to natural science. Also the periods allotted to the teaching of English were to be reduced and Japanese increased.

VII. January 16, 1938. Bureau of Education announced:

- (1) Since the periods for the teaching of English have been reduced to twice a week, the textbooks must be changed.
- (2) In future, foreign history and geography (i.e. Japanese history and geography) must be taught first, instead of Chinese, as formerly.

#### *Activities of Students in North China Since August, 1937*

North China Students Association, August 28, 1937

The purpose of the association was announced as being to carry out Sino-Japanese cooperation and restore the original civilization of Eastern Asia. The association was not actually established until September 9 when it was made quite clear that it came under the control of the Peace Maintenance Committee. Advisers to the Association include several Japanese, some members of the Government and certain teachers. Very little has been heard of this association since September 15 when all schools in Peking and other towns were asked to organize their own student bodies.

#### *Comforting the Japanese Soldiers*

There have been certain not very enthusiastic and rather shortlived groups organized for comforting the Japanese troops. The Li Ta Middle School distinguished itself by organizing about a hundred students for this purpose.

#### *Prize Essay Competitions, etc.*

One of the few activities permitted to students, apart from attending parades, has been that of entering competitions organized by various bodies, in particular the Hsin Min Hui. These competitions began as early as December 11, 1937, when the subjects set were:

The Reasons Why Communism Is Not Suitable for China.  
How China and Japan Can Be Intimate.

About one thousand copies of this essay were submitted, at least according to official information. Various organizations are constantly offering prizes for essays. But in November, 1938, the Department of Education ordered college students to write something of their opinions on the topic "Oppose Communism and Save China." Many of these were published in the *Hsin Min Pao*. In April, 1938, 61 students took part in a speaking contest on the topic "How to be a Hsin Min Youth." There have been many such contests. For college students the Hsin Min Hui thought the following topics important for a speaking contest:

Analysis of the San Min Chu I; Political Thought of Confucius;  
The Problem of Hsiu Shen (Self-training or Moral Improvement)  
Interpretation of Wang Tao Government; Construction of the New China.

From November 1-5, eighteen middle schools took part in a speaking contest offered by the Peking Radio Station and the Hsin Min Hui. The subject was "Why do we wish to destroy the Chiang Kai-shek Government."

#### *Demonstrations and Mass Meetings*

Students have been compelled to attend many mass meetings and demonstrations. Their conduct on such occasions cannot be described as hearty cooperation. If they fail to attend three successive meetings, they are dismissed from school. On the occasion of the celebration held for the fall of Hsuehchow the boys' and girls' middle school at the Catholic University (Fu Jen) of Peking and the girls' school at Wenchuang failed to send their students and were, as a consequence, closed. This was in June, 1938. After negotiations the Fu Jen Schools were reopened in the Autumn.

During the anti-communist week in November students were compelled to attend parades and demonstrations. The Bureau of Education saw to it that 70 schools took part in the athletic meeting to celebrate the fall of Hankow and Canton, on October 30, 1938. In June, 15 schools took part in the Hsin Min chorus. From December 2-12 a Hsin Min Youth Corps was organized and trained by the Peking Directing Board of the Hsin Min Hui. The Bureau of Education cooperated by ordering each school to send 13 students to take part in it. This applies only to primary and middle schools.

#### *New Schools and Colleges*

##### *Hsin Min Hsueh Yuan—Hsin Min College*

Established on January 1, 1938, by the Provisional Government. Its primary purpose is to train civil servants, many of its students already holding positions in the administration. It is claimed that this college is equal to the Han Lin Yuan of the Ch'ing dynasty. The President is Wang Ke-min; the Vice-President is a Japanese.

The qualifications of the students are to be those of graduates of public or private universities or those who are of equal standing. Age of students to be between 24 and 35 years. Graduates from this college have the privilege of becoming officials of the new government. Students are required to stay in the college. All fees are paid by the government, and each student gets an allowance of \$5.00 a month. If students are already officials, their

positions will be held for them during their course of study. The college admits 60 students for a period of three months.

Announcement of curriculum and faculty. January 11, 1938:

<i>Curriculum</i>	<i>Professor</i>
Training and Education.....	Chinese (Wang Ke-min)
Japanese Political Science.....	One Japanese; three Chinese
Science of Administration.....	Two Japanese
Administration.....	Two Chinese
Economics.....	One Chinese; one Japanese
Finance.....	One Chinese; one Japanese
Law.....	One Japanese
History and Geography.....	Two Japanese; one Chinese
Japanese language.....	One Chinese; one Japanese
Physical education... ..	One Chinese

(Out of 19 professors, 7 are Japanese and 12 Chinese)

The first class graduated at the beginning of March. All of them went to visit Japan and returned on March 28. They were then distributed to various government organizations by the Executive Committee for three months' practice. Six went to the Hsin Min Hui.

The second class began on April 11 and graduated in June. The class was composed of a hundred students. On their return from Japan, they were sent to various places, some to Shantung, for example, for three months' practice. Of those who stayed in Peking, six went to the Department of Education. After three months' practice, they are given permanent government positions.

Reorganization of the Hsin Min College, September 16, 1938

By this time, apparently, it was realized that the new administration needed a new bureaucracy and that more effort was needed to fulfill this requirement. The fact that after the reorganization, of the 28 professors in the various sections of the colleges only eight were Chinese, including Wang Ke-min, indicated either a dissatisfaction with the former Chinese staff or a surrender to the swarms of carpet-baggers who invaded North China in such numbers.

The purpose of the college was restated to be that of providing a knowledge of the real spirit of Hsin Min, of leading the way in Sino-Japanese friendship, of providing the bureaucracy for the foundation of the reconstruction of New China. The College is under the Government itself, the head of which is its president; the vice-president is to be a Japanese. Most important in the reorganization is the division of the college into three parts: the College, the Sub-college, and the Special College. The College course is one year; the Sub-college, two years; the Special College, three months.

#### Qualifications of students

College admits graduates of the sub-college or of public and private Universities, or those who have the recommendation of the president of the college or other persons of equal power, provided they pass the entrance examination.

Sub-college admits graduates of high schools or those recommended as above.

*Ages of Students*

College.....	22-32
Sub-College.....	18-32
Special College.....	below 35 years

*Number of Students Admitted in September 1938*

College.....	49 (vacancies for 60)
Sub-college.....	72 (vacancies for 100)
Special college.....	53

The purpose of the Special college, apparently, is the same as that of the Hsin Min College in its original form, that is, the training of officials or their re-education if they are already in the government. The first of the new classes graduated on December 3, 1938 and on the 4th went to Japan, returning on the 28th when they took up their original positions. During the three months in college they received their salaries less 20% discount. Only students in the Sub-college are required to pay for their board; the rest are supported by the government.

*School for Teachers Training*

Opened on April 1, 1938, by the Department of Education of the Provisional Government, the training is for three months. This is clearly an attempt to do for teachers what the Hsin Min College does for bureaucrats. Most of the good teachers in middle and primary schools left when the Japanese came in.

The curriculum is fairly pretentious for a three months' course. It includes Present International Situation, an Introduction in Eastern Culture, Educational Administration, Educational Psychology, History and Geography, General Method of Teaching, Ethics, Hygiene, Japanese language, Physical Education. Out of the 12 teachers, 2 are Japanese. The first class constituted a group of a hundred students. On opening the school Mr. T'ang Erh-ho said that this training was to provide students with methods of teaching which they had not got from the Education Departments of their universities and to correct the badness of the San Min Chu I education. Furthermore, the graduates are to be sent to the rural areas to teach.

Out of the first class which graduated in July, 30 good students were chosen and sent to Japan for a visit. In August, 14 of them were made principals of so-called Chung-Hsin Primary Schools and another 30 were used for teachers. The Educational Bureau of Hopei Province has a ten-year plan for education. Each year 200 Chung-Hsin primary schools (Model Schools) are to be established from October, 1938, onwards.

Students in this school are supported by the government. Each month there is an allowance of \$5.00 per student. The second class enrolled only 60 students, but another 37 were added in October. They are still supported by the government but the \$5.00 is not paid.

Japanese authorities are finding it more difficult to place recent graduates. They wish to send them to the country, but the students are afraid to go.

### Central Training Department for Hsin Min Youth

Established May 1, 1938, by the Hsin Min Hui, which, like the government, must train its own officials and workers. The school opened on May 10th with 106 students who had been recommended by the various hsien governments. The course is two months and all fees are paid. After passing through the school, the students return to their hsien and work for the Hsin Min Hui. The reasons why some students entered the school are perhaps patent enough when the Hsin Min Pao reports that many of the graduates do not wish to return to the country but ask for further education with free tuition.

The curriculum of the school is divided between "spiritual" and military training, the former in the morning, the latter in the afternoon.

The subjects are classified as follows:

- i. The Spirit of Hsin Min; Hsin Min Chu I, the meaning of the establishment of the New Government, the meaning of the Hsin Min Chu I movement, and other matters relating to Hsin Min education.
- ii. Thought; correction of present thought and criticism of Communism and the San Min Chu I.
- iii. Enrichment of the people; village self-government and rural hygiene.
- iv. Language; simple Japanese language.
- v. Other matters relating to local affairs.

Slogans:

- i. Hsin Min Chu I is our training formula.
- ii. We will protect our native districts.
- iii. We will reconstruct our own native districts.
- iv. We want an alliance of China, Japan, Manchukuo, and the Peace of Eastern Asia.

The purpose of this training is to help the self-defense corps of each Hsien and to train workers for the Hsin Min Hui. These two things, of course, are connected.

### Japanese Language Schools

Within the Peking district alone there are more than thirty new schools set up for the teaching of the Japanese language. Most of them give short courses of from one to three months, just enough to enable the students to understand orders, apparently. Eight of these schools have been established by the Social Affairs Bureau (January, 1938), the rest by commercial, political and social agencies. The eight schools just mentioned were ordered to be suspended in June, 1938, by the present bureau of Education. (Schools in Peking were formerly under the third department of the Social Affairs Bureau until the establishment of the Bureau of Education on June 10, 1938). It is said that the work of these schools was not well done.

### Girls' Schools (Private)

Women's education is always mentioned in the Chinese press as being of considerable importance. This does not mean that the Provisional Government is interested in the promotion of women's education as such;

rather that the distinction between men's and women's education should be emphasized. This is obviously part of the general plan of reviving old Chinese ideas and undermining the influence of Anglo-American conceptions of the relation between men and women. The school regulations of the National Women's Normal College (re-opened in April, 1938) are particularly severe and lectures are often given on the subject of how to be a good wife and a kind mother. Japanese women are often held up as models. Various small schools have sprung up such as the Peking Life School established by a Japanese. The students live in the school for the three months' course. They are taught Japanese language and art. The Chueh Sheng Girls' School, erected in memory of a former pro-Japanese head of the Peking Liaoning railways, who died in 1937, is financed by his family and a Japanese friend. The purpose is to teach Chinese and Japanese girls and to give to Chinese girls the virtues of Eastern Asia. They are trained in home economics and the way to be good wives and mothers. Among the 87 students there are two Japanese.

The number of girls' schools so far established is far from sufficient to cope with the number of girls seeking education. According to the Government's stated policy, therefore, of not abolishing co-education until there is provision for the girls, there will be no change in that direction in the near future.

#### *Universities and Colleges*

Chahar College—a government-organized college established in January, 1939 .

Peking National University—revival prepared in Autumn, 1938; officially opened January 14, 1939. Students: Arts—124, Agriculture—105, Industry—120, Medicine—117. There are Japanese students in each college. Japanese professors receive very high salaries. Uniforms cost \$20.00, but there is no tuition. Students are those who failed to get into other schools.

#### *Military Academy*

The purpose of the school is to train lower officers for a Chinese army under Japanese control. Students are supported by the government for the one year of training. After graduation they are sent to technical military schools or colleges or even abroad.

#### *Police Officers' High School*

Opened March 10, 1938. 500 students, ages 20-30. Middle school or military school graduates admitted. Course is one year but this has been reduced to half a year on account of urgent need for such officers. There are some Japanese teachers.

"Review of One Year's Education," *Ch'en Pao*, January 1, 1939

"During the period July to August, 1937, it seemed that primary and middle school education could not be carried on owing to the depression in Peking. Although the primary and middle schools were opened again by September 20, the students were few and the teachers were always in a state of fear. Classes were held, but no one worked hard. As for salaries, teachers received at most 50%, often 25% and sometimes 20% of their



salaries. They came to class almost starving. Students did not have enough money to buy things they needed in school. Teachers wrote on the blackboard, giving summaries and quotations from textbooks, but few students had the materials with which to copy them down. Many were ill. These conditions continued until the spring of 1935."

## APPENDIX 10

### ORDERS FROM MINISTRY OF EDUCATION OF THE PROVISIONAL GOVERNMENT

#### I

For the morning of June 13th (in the University)

1. Hoisting up the National Flag.
2. Singing and reciting the principles of the Hsin Min Hui.
3. President to deliver speech on the anti-Communist and anti-Kuomintang movement.
4. The academic and administrative staff together with the students to perform or practice the Hsin Min Drill.
5. The lowering of the National Flag.

#### II

For the morning of June 19th (In the T'ai Ho Hall)

1. Badges and tickets for the Mass-meeting at the T'ai Ho Tien shall be issued by the Municipal Office.
2. After the Meeting a demonstration shall be held. Each school shall carry the school flag and slogan flags (the latter to be issued by the Hsin Min Hui.)
3. Each school shall send an officer to lead and direct the students of that school.

#### III

Resolutions to be adopted at the Mass Meetings.

1. To send a telegram to the whole Chinese people and to all overseas Chinese to urge them to extirpate Communism, to extirpate the Kuomintang and to be unanimously loyal to the Hsin Min Hui.
2. To enter into friendly collaboration with Japan and Manchukuo.
3. To address friendly inquiries and messages of goodwill to the Japanese army.
4. To call at the Japanese Embassy, the Special Affairs Bureau and the Japanese organs to proffer thanks.

#### IV

Slogans to be shouted in the Parade.

1. Down with the murderous and incendiary communists.
2. Down with the Kuomintang which ruins the country and the people.
3. Down with Chiang Kai-shek, the Arch-Criminal of Eastern Asia.
4. Let us promote Eastern Culture and Morality.
5. Let us address messages of friendly solicitude to the Japanese army.
6. Let us be loyal to the new authorities.

7. Let us be loyal to the Hsin Min Hui or the Republic of China.
8. Long live the Chinese Republic.
- 9. Long live the Peace of Eastern Asia.

v

We must take immediately some Hsin Min Hui flags to be hoisted up at the University and to be carried in the demonstration.

## APPENDIX 11

### NATIONAL GOVERNMENT OF CHINA

*An Ordinance Governing the Blockade of Communication with Enemy Territory (a Joint Ordinance by the Commission of Military Affairs and the Executive Yuan Dated September 14, 1939)*

#### ARTICLE II

For the purpose of the present Ordinance enemy territory shall be construed to mean the territory under enemy control by force; the blockaded territory shall be construed to mean the territory contiguous to the enemy territory; and the blockade line shall be construed to mean the line between the enemy territory and the blockaded territory.

#### ARTICLE III

Each area of military operations constitutes a unit in which the military commander will be charged with, and enforce by his order, the blockade of communication with enemy territory.

The military forces necessary for the enforcement of the blockade shall be designated by the military commander and selected from regular troops, police, gendarme or local volunteer forces.

If the blockade of communication with the enemy territory involves the jurisdiction of two or more areas of military operations the military commander of the areas concerned shall constantly and actively collaborate with each other in the enforcement of the blockade.

#### ARTICLE V

With respect to the disposition of products, materials, financial resources and factory equipments the following provisions shall apply:

1. Native products the transport of which has been prohibited by the Ministry of Economics in accordance with the Regulations governing the Embargo on Articles Useful to the Enemy shall absolutely not be transported to the enemy territory.
2. Enemy goods which have been declared or designated as such by the Ministry of Economics in accordance with the Regulations governing the Inspection and Prohibition of Enemy Goods shall absolutely not be transported into the blockaded territory.
3. Enemy goods disguised in their trademarks as native goods or those of other countries and transported into the blockaded territory shall be confiscated when such circumstances have been established in accordance with the Regulations governing the Inspection and Prohibition of Enemy Goods.
4. Articles carried by the military forces except those the carriage of

which is prohibited by law or ordinance shall be allowed free passage.

5. Factories operated by private enterprise within the blockaded territory (such as, flour and textile mills, electric and transport facilities, metal industries, etc.) which should move out of the blockaded territory in accordance with the Regulations governing the Control of Agricultural, Mining, Industrial and Mercantile Establishments but have not moved may be, if necessary, ordered to move and if too late may be destroyed.
6. All products and materials in the blockaded territory (such as fuel, drinking and food supplies, war materials, etc.) which should be disposed of according to the Regulations governing the Control of Agricultural, Mining, Industrial and Mercantile Establishments but have not been so disposed may, if necessary, be controlled, bought or ordered to move to the interior.
7. Any gold or silver bullion or any ornament made of gold or silver carried into the enemy territory shall be confiscated whenever they are seized . . .
8. Any bank notes issued by the enemy or by any puppet régime shall be confiscated whenever they are seized . . .

*Regulations Governing the Inspection and Prohibition of Enemy Goods  
(Promulgated and Effective on October 27, 1938)*

ARTICLE II

For the purposes of the present Regulations the following goods shall be enemy goods:

1. Goods of the enemy state, her colony or her mandated territory.
2. Goods from a factory or a firm outside of the territory as prescribed in the foregoing item but invested in and managed by the enemy.
3. Goods from a factory or a firm outside of the territory as prescribed in Item 1 but seized, controlled or used by the enemy.

The names, descriptions and the trademarks of the enemy goods prescribed in Item 1 and Item 2 of the foregoing paragraph shall be published by the Ministry of Economics in a public notice; the names, description, the place of origin, the trademarks and the factories or firms of the enemy goods as prescribed in Item 3 of the foregoing paragraph shall be from time to time designated by the Ministry of Economics.

ARTICLE III

It shall be unlawful to import, transport, distribute or sell any enemy goods in China; the inspection, demarcation, registration and disposal of enemy goods shall be carried out by the local competent authorities and assisted by the customs and revenue stations concerned.

The local competent authorities as prescribed in the foregoing paragraph shall be construed to mean, as respects the municipalities directly responsible to the Executive Yuan, the Bureau of Public Welfare of such municipi-

palities, as respects the districts, the government of such districts, and as respects other municipalities, the government of such municipalities.

## ARTICLE IV

The local competent authorities shall publish in a public notice the enemy goods as designated by the Ministry of Economics in pursuance of the provisions of Item 3 or Paragraph 1 of Article II within two days after the receipt of the list from the Ministry and shall notify the local Chamber of Commerce and trade associations so that no factories or firms in the locality shall buy them.

## ARTICLE XIV

Those who are in contravention of one of the following provisions shall be punished by an imprisonment of not less than one year and not more than seven years and may be punished concurrently by a fine of not more than five thousand dollars; in the case of serious and grave offenses they shall be punished by death sentence or imprisonment for life.

1. To import, transport or to distribute and sell enemy goods which have not been registered or though registered the marks of which have been altered.
- 2. To repack or alter the enemy goods so as to pass them for domestic goods or goods of some other state.

*Text of an English Translation of a Declaration Issued by the Chinese Government, Dated Chungking, March 30, 1940*

Since her invasion of China, Japan has used all sorts of means in an attempt to accomplish her object of conquest and domination in Asia and in the Pacific. Massacre, rape, pillage, indiscriminate aerial bombings and other barbarous acts have caused untold damage and suffering to the civilian population and, contrary to Japan's expectation, only strengthened China's will of resistance in defense of justice and humanity.

After nearly three years of China's resistance the Japanese Militarists finding themselves in despair have caused to be established at Nanking an organization purporting to be the "National Government of the Republic of China." It is nothing more than a puppet organization created and controlled by the Japanese Militarists as an instrument for usurping China's sovereign rights and destroying her independence and territorial and administrative integrity. It will also be used by the Japanese to overthrow international law and order, to nullify the Nine Power Treaty and to eliminate all commerce and interests of the Third Powers in China.

Needless to say, those men who compose the puppet organization, are but a gang of slaves of the Japanese—persons of utter moral depravity, having lost all sense of decency and patriotism. They endanger the safety of their own country by aiding and abetting Japanese aggression and have therefore been condemned by the Chinese Government and people as traitors of the worst type deserving the severest penalty of the law.

The Chinese Government desires to take this opportunity to repeat most emphatically the declaration already made on several occasions that any act done by such an unlawful organization as has just been set up at

Nanking or any other puppet body that may exist elsewhere in China is *ipso facto* null and void and shall never be recognized by the Chinese Government and people. The Chinese Government is convinced that all self-respecting States will uphold law and justice in the conduct of international relations and will never accord *de jure* or *de facto* recognition to Japan's puppet organization in China. Any manifestation of such recognition in whatever form or manner would be a violation of international law and treaties and would be considered as an act most unfriendly to the Chinese Nation for the consequences of which the recognizing party would have to bear full responsibility.

Whatever Japan may attempt to do, the Chinese Government and people are as determined as ever to continue their resistance until the Japanese Militarists have been completely driven out of Chinese territory and until right triumphs over might.

*Note:* A similar declaration was issued by the Chinese Government regarding the "Provisional Government in North China on Dec. 20, 1937.

*Texts of the Secret Agreement Between Wang Ching-wei and Japan and the Notes Exchanged Between Them. Annex 2. Additional stipulations regarding the fundamental points for the readjustment of the new Sino-Japanese relations. See Generalissimo Chiang's Statements Following the Publication of Wang Ching-wei's Secret Agreement with Japan. China Information Committee, Chungking, China, 1940, pp. 24-26.*

- (1) Regarding common defense, especially Japanese participation in checking Communism and maintaining order:
  - a. Relating to the settlement of matters connected with the stationing of Japanese troops;
  - b. Relating to the settlement of matters connected with Japanese participation in checking Communism and maintaining order;
  - c. Relating to the settlement of matters connected with military cooperation between Japan and China.
- (2) Regarding economic cooperation, especially the development and utilization of underground resources and the supply and demand of raw materials and commodities between Japan, China, Manchukuo, and North China:
  - a. Relating to the settlement of matters raised by the problem of according Japan the necessary special facilities in developing and utilizing underground resources;
  - b. Relating to the settlement of matters raised by the problem of rationalization of the supply and demand of raw materials and commodities between Japan, Manchukuo, Mongolia, and North China;
  - c. Relating to the settlement of matters connected with Japanese participation in the regulation of currency and exchange between Japan, Manchukuo, Mongolia, and North China;
  - d. Relating to the settlement of matters connected with Sino-Japanese cooperation in aviation, railway transportation, postal and telegraphic services, and ocean transportation along the main trade routes.

- (3) Regarding the settlement of matters connected with the employment of Japanese advisers and staff members.
- (4) During the period when there is the need for the perpetuation of the Federal Reserve Bank System and other systems therewith connected, the New Central Government shall lend to it the necessary assistance.
- (5) Temporary regulations governing the main matters of the division of power between the Political Council of North China and the New Central Government:
  - a. In order to defray the necessary expenses and safeguard the necessary income, the Political Council of North China shall be entitled temporarily to a certain stipulated amount of the surplus of the customs revenues and the salt tax and the entire yields from the consolidated tax, though the said revenues and taxes are in principle the sources of income for the Central Government;  
The power of supervision over the abovementioned national taxes shall be entrusted by the New Central Government to the Political Council of North China;
  - b. The Political Council of North China shall be given the right to float loans within certain limits;
  - c. Government property shall belong to the Political Council of North China as at present, but new arrangements regarding such property shall be made gradually;
  - d. The customs, postal service, and aviation should eventually be placed under the control of the New Central Government, but the change of the present state of affairs shall be effected progressively;
  - e. The administration and management of transportation on the Lunghai Railway shall be placed under the Political Council of North China;
  - f. Excepting officials of ministerial rank, the authority for appointing all its officials shall be given to the Political Council of North China;
  - g. Diplomatic negotiations with Third Powers shall be conducted by the Central Government. The negotiations for the settlement of local affairs with Japan and Manchukuo shall, however, be undertaken by the Political Council of North China.



## APPENDIX 12

### STATISTICAL REPORT TRANSLATED FROM THE ARTICLE "TWENTY MONTHS OF RESISTANCE IN CHIN-CHA-CHI BORDER DISTRICT" BY GENERAL NIEH, PUBLISHED IN THE *NEW GREAT WALL*, JULY 31, 1939

Battles.....	1,060
Casualties:	
Japanese.....	28,420
Horses.....	15
Captured:	
Japanese.....	67
Manchurian.....	1,052
Traitors in Puppet Organizations....	170
Koreans.....	15
Horses.....	717
Destroyed or burned:	
Railway.....	177 li and 92 sections
Wire.....	414 li
Telegraph poles.....	1,172
Bridges.....	28
Storehouses.....	2
Boats.....	2
Blockhouses.....	25
Railway stations.....	8
Radio station.....	1
Trains derailed.....	193
Bombed:	
Locomotives.....	15
Railway cars.....	92
Tanks.....	3
Army motor cars.....	4
Trucks.....	362
Materials captured:	
Rifles.....	3,915
Pistols.....	63
Light machine guns.....	144
Heavy machine guns.....	30
Bullets.....	431,665
Motor cars.....	58
Swords.....	330
Tanks.....	1
Trucks.....	4
Wire.....	66,100 chin

STATISTICS OF THE 18TH ARMY FROM SEPTEMBER 1937  
TO MAY 30, 1939

Battles.....	2,600
Casualties:	
Japanese.....	250,900
Manchurian.....	154,300
Mules and horses.....	43,610
Captured:	
Japanese.....	385
Manchurian.....	9,015
Mules and horses.....	5,032
Destroyed:	
Railway.....	437 times—3,105 li
Highway.....	737 times—4,261 li
Bridge.....	387 times
Station.....	36 times
Wire.....	240,000 chin
Bombed:	
Power house.....	1
Locomotives.....	81
Motor cars.....	2,314
Armed locomotives and trucks.....	43
Armed motor cars.....	68
Tanks.....	31
Burned:	
Storehouses.....	5
Coal companies.....	22
Chinese casualties:	
Killed.....	15,611
Wounded.....	40,812
Rifles lost.....	3,351
Materials captured:	
Rifles.....	206,000
Light machine guns.....	2
Heavy machine guns.....	76
Mountain guns.....	24
Motors.....	25
Anti-aircraft guns.....	1
Airplanes.....	3
Pistols.....	386
Motor cars.....	39
Trucks.....	1,204
Wireless sets.....	31
Telegraph sets.....	82
Bicycles.....	880
Telescopes.....	39
Quilts.....	14,080
Overcoats.....	6,241
Knives.....	107
Steel hats.....	2,240
Gas masks.....	2,635
Flags.....	384
Bullets.....	643
Hand grenades.....	2,115
Machine gun bullets.....	3,150

## APPENDIX 13

### PRIVILEGES FOR THE RED ARMY

Among the wall-posters found in Kiangsi Province in 1934 immediately after the retirement of the Chinese-Soviet forces, the writer found the following entitled: "Privileges for the Red Army." This document is quoted in part.

Members of the Red Army and their families residing in Soviet districts are entitled to an equal share with peasants of land, houses, trees, and waterways.

Retired members of Red Army are entitled to lands belonging to Red Army, and their families residing in Soviet districts are also entitled to lands.

Fields belonging to members of the Red Army . . . shall be farmed by government appointees—the appointees must perform a total amount of 54 labor days, at least, a year.

The non-fighting members of the Red Army unconditionally contribute free labor to help the families of the members of that army, for two days in the month.

Families of the members of the Red Army on active service are entitled to free houses exempted from the state tax.

Members of the Red Army in active service and their families are exempted from all taxes.

Members of the Red Army and their families have a right to 5 per cent discount in state shops and, failing a sufficient supply of daily necessities, have the right of buying first.

Red Army members may travel by boat or train on fares paid by the state.

Red Army members have free admission once a month to all the theaters and half price admission on ordinary days.

Children of the members of the Red Army on active service have free education in all grades of schools.

In illness or when wounded, Red Army members shall be sent to the best available hospitals, all medical fees and other expenses of the treatment to be paid by the state.

Members above 45 years of age after 5 years of service may retire and receive state pensions for life.

Members of the Red Army who are crippled on active service or in non-combatant service may be treated or live in homes for crippled soldiers at state expense. Those who do not go to the homes get yearly pensions for life.

Brothers and sisters of the deceased shall be sent to schools and supported by the state up to the age of 18 and upon graduation recommended by the state to appropriate vocations . . . the parents and wives and children of the deceased and crippled shall be supported by the state with due subsidies.



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## THE I.P.R. INQUIRY SERIES

At the invitation of the Institute of Pacific Relations, scholars in many countries have been engaged since early in 1938 in the preparation of studies forming part of an Inquiry into the problems arising from the conflict in the Far East. The purpose of this Inquiry is to provide an impartial and constructive analysis of the major issues which may have to be considered in any future adjustment of international relations in that area.

The studies include an account of the economic and political conditions which led to the outbreak of fighting in July 1937, with respect to China, to Japan and to the other foreign Powers concerned; an evaluation of developments during the war period which affect the policies of all the Powers in relation to the Far Eastern situation and, finally, an estimate of the principal political, economic and social conditions which may be expected in a post-war period, the possible forms of adjustment which might be applied under these conditions, and the effects of such adjustments upon the countries concerned.

The Inquiry does not propose to "document" a specific plan for dealing with the Far Eastern situation. Its aim is to present information in forms which will be useful to those who lack the time or expert knowledge to study the vast amount of material now appearing in a number of languages. A list of Inquiry studies already completed appears on the following page.

## SOME OTHER STUDIES ALREADY COMPLETED IN THE I.P.R. INQUIRY SERIES

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